2017/2018–2019/2020 APPROVED ANNUAL BUDGET AND MEDIUM - TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

12 June 2017

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ABBREVIATIONS, ACRONYMS AND DEFINITIONS

COGTA – Department of Co-operative Governance and Traditional Affairs

CPI – Consumer Price Index

DORA – Division of Revenue Act

EPWP – Expanded Public Works Programmes

GDP - Gross Domestic Product

GRAP – Generally Recognised Accounting Practices

IDP – Integrated Development Plan.

INEPG – Integrated National Electrification Program Grant

MFMA – Municipal Finance Management Act, 56 of 2003

MIG – Municipal Infrastructure Grant

MPRA – Municipal Property Rates Act, 06 of 2004

MSA – Municipal Systems Act, 32 of 2000

MDTG – Municipal Demarcation Transition Grant

MTREF – Medium-term Revenue and Expenditure Framework

WSIG – Water Services Infrastructure Grant

MWIG – Municipal Water Infrastructure Grant

NDPG – Neighbourhood Development Program Grant

NERSA – National Electricity Regulator of South Africa

NT – National Treasury

PT – Provincial Treasury

PTISG – Public Transport Infrastructure Systems Grant

SDBIP – Service Delivery and Budget Implementation Plan

The Act – Refers to the Municipal Finance Management Act, 56 of 2003

Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a City may revise its budget during a financial year.

Equitable Share – A general grant paid to municipalities.

Operational Expenditure – Spending on the day to day expenses of the City such as general expenses, salaries and wages, and repairs and maintenance.

Rates – Local Government tax based on assessed valuation of a property.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of the City for a specific period.

Capital Expenditure – Spending on municipal assets such as property, plant and equipment's. Any capital expenditure must be reflected as an asset on a City's balance sheet.

PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

2017/2018 MUNICIPAL BUDGET SPEECH BY THE EXECUTIVE MAYOR OF THE CITY OF MBOMBELA, CLLR S P MATHONSI - 31 MAY 2017

The Honourable Speaker of council, Cllr M. Msibi

Honourable Chief Whip of council, Cllr M. Nsimbini

Honourable Party Whips

Honourable Councillors

Honourable Traditional Leaders present

Members of War Rooms from across the new municipality

The City Manager

Senior Management of the municipality

Distinguished Guests

Members of the media

Ladies and Gentlemen

Good afternoon, Ngiyanibingelela, Dumelang, Avuxeni, Goeie Middag

Honourable Speaker, we appreciate and treasure the opportunity presented to us as the Executive to present our envisaged roadmap for, not only for the next financial year but a roadmap that will see us through this five year term of office.

Hourable Speaker the demise of the then apartheid regime has left the Country with massive challenges accumulated over 300 years of the despotic government existence.
We live in the epoch whereby the same product of the then despotic regime are questioning the work of the African National Congress, forgetting that the ANC is not only delivering Services to the people but also correcting the inadequacies left by the then apartheid government. Hence the ANC is saying "together advancing people's power in every community".

Mr Speaker you will agree with me that the ANC lives and the ANC leads. There is no party that would ever emulate the work done by the African National Congress led government worldwide. **Fidel Castro once said** ***"A revolution is not a bed of roses. Revolution is a struggle between the future and past"*** and the ANC is in a similar course to eradicate the imbalances of the past.
The African National Congress in advancing its democratic objectives towards the 2016 Local Government Elections set itself key commitments for the next five years through its Local Government Manifesto which the budget tabled today seeks to give effect to. Perhaps I should remind Council of the ANC Manifesto key commitments.

Together we will……

- Improve the delivery of basic services;
- Continue to improve public participation an accountability;
- Develop local economies and create jobs;
- Intensify the fight against fraud and corruption in local government;
- Fight crime in communities;
- Promote education in local communities;
- Promote social cohesion and nation building;

The budget is delivered during challenging economic times, and the country is at pain about the senseless killing of innocent women and children…which we condemn in the strongest terms possible. The ANC as a leader of society through this budget speech understands that if there is no struggle there is no progress. Speaker we all have a responsibility of building a benevolent City that cares for its society. The budget stems from various contributions from all members of society in different echelons and we thank them for their inputs.

We gather here today as a fully constituted City of Mbombela having gone through rigorous soul searching and having had to find our own identity as the new municipality. We have recently finalized the new logo for the City of Mbombela and has subsequently commenced with the full rebranding program which will entails the branding of the Head Office, the four regional service centres as well as other service areas such as the library facilities. Linked to this will be the revamping the municipal website and improve our customer care services. The need to responsive to community challenges and enquiries cannot be over emphasized.

In this regard we have allocated over the medium term about R3 million to ensure that we build a state of the art interactive customer care services that will enable our communities to report incident of service delivery failures instantly and received via the mobile application instant feedback on whose responsible for fixing the problem and how long should they wait for the problem to completely resolved.

Central to this will be the ability to build an operation and maintenance teams at the regional service centres that will work with ward committees, Ward Councilors in resolving the issues reported by communities timeously. We believe this customer service system will go a long way to reduce the public protest.

ESTABLISHMENT OF WARD COMMITTEES

Honourable Speaker allow me to congratulate your office for successfully launching the 43 out 45 Ward Committee for the new City of Mbombela. This is a statutory obligation aimed at promoting participatory democracy at the local level as enshrined in the Local Government Structures Act as well as the Constitution of the Republic of South Africa. We wish you the best in finalizing the remaining two wards, namely Ward 26 and Ward 45. We need functional and effective Ward Committee to ensure that our communities fully participate in the affairs of their local municipality. This will be complemented by the effective implementation of the Vuka Sisebente Program.

OPERATION VUKA SISEBENTE

The **Operation Vuka Sisebente (OVS)** is an initiative of Mpumalanga Provincial Government that seek to consolidating an integrated a government-wide community based intervention at a ward level aimed at tackling poverty, unemployment and social inequality experienced by the local communities. Launched in August 2015 by the Honourable Premier DD Mabuza that was rolled across all the municipalities in the province.

It is anticipated that the program will also assist to reduce the service delivery protest that have become so rampant, violent and destructive across the municipality through tackling community challenges as they emerge at local level. The War Room will improve government responsiveness to local community problems and challenges by ensuring that the issues raised are reported and addressed by the inclusive team of state representatives and local community representatives.

By virtue of extend the collaboration of government official at local ward level, the number of Municipal Ambassadors of municipal good news will be increased. In some instances local communities become angry because of the lack of information and non-responsiveness of government to address issues raised, as a result the community will resort to service delivery protest.

The War Rooms were fully launched in the former Mbombela and the former Umjindi local municipalities, we need to urgently consolidate and integrate these structures into the City of Mbombela. The Mpumalanga Provincial Government has deployed the Heads of Departments in respective municipalities to work closely with Municipal Managers to ensure that all the war rooms are fully functional, accessible, have electricity and ablution facilities, furniture, computers, printers, copiers and desks. This program will help to close the social distance between the government and local communities at ward level and provide a local platform whereby all stakeholders will come together to address poverty, unemployment and inequalities.

We would like to hasten to indicate that we don't take lightly this daunting task given to us by the electorate and we are humbled by their confidence in us to continue this work to ensure that their quality of life is changed for the better.

It is for that reason Honourable Speaker that we commit here today that, the road map in the form of the Integrated Development Plan (IDP) and Budget for 2017/2018 – 2021/22 and the Medium-Term Revenue and Expenditure Framework of the newly constituted City of Mbombela, which is an outcome of the amalgamation of the former Mbombela Local Municipality and the former Umjindi Local Municipality.

It is common course, Honourable Speaker that as per the legislation that governs our work, we had had to consult widely in order to arrive at an acceptable and realistic road map. During the consultative process as agreed upon by this council, the stakeholder were very firm in what they believed were genuine issues affecting them on a daily basis. Those being the triple challenges of poverty, inequality and unemployment.

During our internal Strategic planning sessions to consider the issues received from the communities, State of the Nation Address (SONA) and State of the Province Address (SOPA) which consequently resulted in finalisation of the draft IDP for 2017/18-2021/22 financial year and the outer years.

After we had presented the draft 2017/18-2021/22 IDP for the adoption by the Municipal Councils on 31 March, we made available to the public for written representations or inputs in terms of section 21A & B of the Local Government: Municipal Systems Act, 32 of 2000.

IDP / BUDGET PUBLIC PARTICIPATION AND CONSULTATION

Subsequent to the adoption of the draft 2017/2018 – 2019/2020 budget and medium-term revenue and expenditure framework (MTREF) on 31 March 2017, the public participation and consultative process was undertaken from 14 April 2017 to 14 May 2017 as prescribed in terms of Section 22 of the Municipal Finance Management Act No 56 of 2003, read in conjunction with Section 21 of the Municipal Systems Act.

The public participation and consultative process was further undertaken in a form of community meetings in various wards from 29 April 2017 to 14 May 2017. Furthermore consultation meetings were held on 10 May 2017 with organised business stakeholders namely; Business sector (KLBCT and NAFCOC), Mining sector (Barberton Mines (Pty) Ltd) farmers and ratepayers associations etc. and on 12 May 2017 with Traditional Leaders.

The adopted draft budget documents were also published on the municipal website and notices about the adopted draft budget were published on the local newspapers and official notice boards
The IDPs were also presented at the Ehlanzeni District Municipality's IDP Rep Forum respectively to afford sector departments, district and adjacent municipalities an opportunity to comment on the documents.

It must be noted that the consolidated IDP was compiled in accordance with the Department of Cooperative Governance and Traditional Affairs (COGTA) IDP framework and guidelines.

Honorable Speaker and Members of Council, I need to point out that as we prepare and put together this budget, we were also mindful of the fact that the municipality does not exist in isolation so it will always be influenced by what happens globally, regionally, and nationally guided by the National Development Plan (NDP) strategic objectives and of course our provincial priorities.

What we are tabling today before this August house, Honourable Speaker, is indeed informed by all these trends and realities that our communities are faced with on a daily basis. However more importantly what our people out there have been yearning for, is summed up into five (5) priorities of Government at both national and provincial level.

Government has committed itself to make a difference in the lives of our people by addressing the five key priority areas which are education, fighting crime and corruption, health, employment and rural development.

The Back to Basics programme for local government continues to guide us to promote good governance and effective administration through cutting wastage, spending public funds prudently, hiring competent staff, and ensuring transparency and accountability in municipalities.

Honourable Speaker, Our Premier of the Province, Honourable Mr D D Mabuza in his 2017 State of the Province Address delivered to the Provincial Legislature on 24 February 2017 reaffirmed the provincial five year programme which pays particular attention to:

1. Growing the economy and creating decent employment to address the triple challenge of unemployment, poverty, and inequality
2. Improving the quality of education.
3. Improving our health care system to ensure that we increase life expectancy and mitigate the negative impact of HIV and AIDS, and opportunistic diseases.
4. Ensuring that our people have access to basic services to improve their quality of life

This, he indicated when he made the profound statement and said:

> *"No child, Black or White, must feel excluded from the future that we are building for this Province,*
> *No child must drop out of school because his/her parents cannot afford school fees,*
> *No person must die because of poor care in our health facilities*
> *No child must sleep hungry because of poverty and deprivation,*
> *No farm work worker must suffer the indignity of abuse and torture,*
> *No farmer, black or white, must*
> *Relinquish farming for fear of being killed and deprived of production land,*
> *No woman must be subjected to abuse and violence,*
> *No senior citizen must be abused, neglected and left destitute, AND*
> *The dream of every young person must be nurtured and nourished to blossom."*

Honourable Speaker, Members of Council and the citizens of the municipality, the municipality as the local sphere of government is in the coalface of service delivery.

And therefore the National and Provincial priorities and programmes earmarked for igniting growth and provision of basic services to our local communities must be entrenched in our strategic development agenda and align to our Integrated Development Planning.

The eradication of backlogs in relation to the provision of basic services, maintenance of the existing infrastructure and assets, cleanliness of the municipality, good governance and accountability, and upskilling and building of capacity in our human capital and of course, enabling of economic growth in the municipal areas remains the key priorities of the municipality.

CITY OF MBOMBELA VISION 2030 – LONG TERM PLANNING

As part of the Draft IDP and Budget on the 28 March 2017, The City of Mbombela has recently approved the long term plan, which became popularly known as the Vision 2030. We have set ourself the Vision 2030 strategic goal of becoming the best City in South Africa for living, working, investing and leisure.

Honourable Speaker given the population migration pattern and trends, it is projected that the demographic profile of the City of Mbombela would have changed drastically by 2030, the population is projected to have substantial increased from 729 454 to 965 87, whilst the total number of households is estimated to have increased from 211 314 to 279 982. Therefore there is an urgent need to develop strategic long term intervention to ensure all of these households have access to universal services and have access to a vibrant economic environment that will support their livelihood and address the triple challenge of poverty, unemployment and inequality.

The Vision 2030 is anchored on two main strategic pillars that constitute the fundamental strategic conceptual frame of this noble vision.

- The first pillar of the Vision 2030 strategy is ensuring integrated human settlement whereby the objectives is to ensure that all communities of the City of Mbombela live in sustainable integrated settlements in both the existing as well as the new settlements.

- The second pillar of the Vision 2030 strategy is to build a competitive economy that generates sufficient economic investment that has the potential to reduce the high level of unemployment and raise the revenue base for the municipality.

PILLAR 1: INTEGRATED HUMAN SETTLEMENT

The City has commenced with planning for high impact projects that will result in the development of New Urban Nodes; Economic Development Projects; and Social Development Projects. The high impact is defined by the strategic location, capital investment, job creation, residential output, public transport, commercial output, government and social facilities. Some of the projects are driven by the private sector and communities, supported by government.

There are six (6) new proposed urban nodes for the City of Mbombela; namely:

- New Urban Development Nodes
    1. Tekwane Hub;
    2. Matsafeni Precinct;
    3. Nkosi City;
    4. Barberton Mpuma-Green Precinct.
- Economic Development Projects
    1. Mpumalanga International Fresh Produce Market (MIFPM)
    2. Cultural Hub at White River.
- Social Development
    1. Public Works Precinct at the Mbombela CBD

TEKWANE HUB PRECINT

The Tekwane hub/ Precinct development is a National Treasury NDGP programme (i.e. Urban Network Strategy). The Funding for planning and infrastructure is provided through the conditional grant. The programme is aimed at developing under-served areas, within certain radius of already existing CBD's, with high potential population density. The hub is meant to be a mixed-use development, with housing, commercial, government services and social services. The land identified is owned by City of Mbombela.

The development is centred between Kanyamazane, Tekwane South/North/West, Karino and Entokozweni, which will provide the necessary catchment for the Hub. It is projected that the Tekwane Hub will need capital investment of about R3,5 billion. It is envisaged that during construction 15 227 sustained jobs will be realised due to high focus on social and government services, and the City will realise over 21,5 million in rates and taxes per annuam as it is estimated that about 10 000 units of typology ranging from bonded houses, gab market and RDP houses.

MATSAFENI PRECINT

The Matsafeni precint is an exciting complex economic precint that will including Parliamentary Village, Cardiac & Tertiary Hospital and the International Convention Centre (ICC) with the projected capital investment of R5,5 billion. It is envisaged that the City will realise 23 900 jobs during the construction and R33,9 million in rates and taxes per annum as revenue base. Furthemore 10 000 mixed type housing are estimated to be build in the precint. The precinct is premised on two (2) pieces of land (i.e. namely Riverside/ Matsafeni Township and Woodhouse towards the Old Nelspruit Airport) under the ownership of the Matsafeni Trust. Report tabled and endorsed by Council on the partnership with the Trust through a Partnership Agreement/ MoU. The Precinct will also house the Parliamentary Village and a Private Hospital. The envisaged ICC will also be located at the Mattafin Precinct.

NKOSI CITY PRECINT

The Nkosi City is an integrated human settlement development that will address spatial transformation, driven by the Community through a CPA and private partners and government. The providing the full spectrum of housing opportunities and all other government and private sector services, including retail, commercial, education, etc. The city will also include small scale agricultural uses to address job creation and sustainability. The various housing typologies will have access to agricultural land to produce fresh produce in support of the Fresh Produce Market. The development enjoys CoM council support from the former Mbombela Municipality. The development has National and Provincial Government support.

It is envisaged that R7,34 billion investment would be realised from both the private sector and government, with over 31 900 sustained job created during the construction, and over R45 million rates and taxes per annum in revenue for the City and 5018 housing units of mixed type.

MPUMALANGA GREEN Township Development

Hounrable Chairperson, the former Umjindi Local Municipality Council initiated this development and a resolution was made in the then Umjindi Local Council to partner with the private sector in the construction of energy efficient mixed income housing typologies namely fully subsidized units, GAP and affordable housing bands as well as rental stock in what became known as the Mpuma Green Township development. It is envisaged that 70% of the township's energy requirements powered through renewable energy mix; Municipal waste to energy, Sewer waste to energy, Photovoltaics (roof top solution); Solar Street lighting. In addition the precint will include the construction of the of state of the art Waste Water Treatment Plants as well as road infrastructure. This precinct is planned to be an agri-village with large scale fruit farming operation with world class processing plant capable of producing 12,000 metric tons of concentrate, pulps, and nectars, citrus and non-citrus. The projected capital investment for this development is R9,3 billion and it is envisaged that 40 461 jobs will be created and the City stands to realise over R 57 million in rates and taxes per annua.

PILLAR 2: ECONOMIC DEVELOPMENT

The second pillar of economic development is anchored by two economic development projects, namely the Mpumalanga International Fresh Produce Market and the Cultural Hub at White River.

THE MPUMALANGA INTERNATIONAL FRESH PRODUCE MARKET

The project will be implemented over a multi-year period (subject to the availability of funds) in phases. The primary objective is the establishment of a modern international fresh produce market that will link small-scale farmers with international, local and regional customers/buyers. It is envisaged that the projects requires an estimated capital investment of R2,37 billion, with a potential to create over 11 000 jobs as well as R15,6 million in rates and taxes per annuam for the municipality.

THE MPUMALANGA CULTURAL HUB

The development of the township White River Ext 109 was recently approved by the Mbombela Tribunal subject to certain conditions, which include inter alia include that the developer (Province) must enter into a Services Agreement with MLM with regard to the provision of all municipal infrastructure. The property is registered in the name of Mpumalanga Provincial Government hence the Province appointed external service provider to undertake the Township Establishment process. A detailed Traffic Impact Study was also done and approved whereby major upgrade of the Provincial Road and other intersections are required. The implementation of the project will have

positive impact on local economic development and job creation in the city and province. It is envisaged that the project would require about R2 billion capital investment funded by government. The project has potential to create over 8700 sustained jobs and it is estimated that City will realise over R12,7 million in rates and taxes per annum.

SOCIAL DEVELOPMENT

PUBLIC WORKS PRECINT IN MBOMBELA CBD

The third component of the strategy in based on the provision for the rejuvenation and improvement of the Mbombela town CBD through the construction of the government offices and reduced the high cost of leasing government offices incurred by the National Department of Public Works. It is envisaged that the project will requires R800 million in the first phase and it is estimated at R1,2 billion in the second Phase, with over 8700 sustained jobs created. The projects has potential to increase the revenue base by R12 million in rates and taxes per annum

THE PROPOSED 2017/2018 – 2019/2020 BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE (MTREF)

The proposed final budget and Medium Term Revenue Expenditure Framework for the 2017/2018 to 2019/2020 financial year is summarised as follows:

The total budget for 2017/2018 financial year will amount to **R3, 290 billion** from a total budget of R3 301 billion in 2016/2017, showing a decrease of 0.3 per cent or R11 million and further increases to **R3, 713 billion** over the medium-term.

The operating expenditure budget for 2017/2018 financial year will amount to R2 683 billion, shows an increase of 12 per cent or R280 million from the 2016/2017 budget of R2 403 billion.

The capital expenditure budget which is 18 per cent of the total budget, will amount to R607 million in 2017/2018 financial year, shows a decrease of 18 per cent or R134 million from the 2016/2017 budget of R741 million and will the increase to R641 million over the medium-term.

The operating revenue budget will amount to R2 734 billion, shows an increase of 24 per cent or R524 million from the 2016/2017 budget of R2 210 billion and further increases to R3 141 billion over the medium-term.

The operating revenue from property rates and services charges increase by 18 per cent from R1 433 billion in 2016/2017 financial year to R1 692 billion in 2017/2018 financial year and further increases to R1 971 billion over the medium-term.

The total grants allocation in 2017/2018 will amount to R1 293 billion, showing a slight decrease from the 2016/2017 allocation of R1 294 billion and further to increases to R1 391 billion over the medium-term.

DEPARTMENTAL ALLOCATION OF CAPITAL BUDGET 2017/18 FINANCIAL YEAR

The total Capital budget of R 607 Million for the 2017/18 financial year will be shared as follows across all the departments:-

(a) Water and Sanitation = R117 million
(b) Energy = R37 million
(c) City Planning and Development = R48 million
(d) Community services = R 9,3 million
(e) Public Safety = R3,8 million
(f) Public Works and Transport = R367 million
(g) Corporate Services = R 6,7 million
(h) Regional Services Centre =R1 million
(i) Strategic Management Services = R965 323

The municipality will be spending in the next three years R1 401 billion (77 per cent) of the total capital expenditure budget) on social infrastructure development to address backlogs and upgrading of the existing infrastructure in the following priority areas;

(a) Bulk water and reticulation infrastructure budget allocation will amount to R584 million over the medium-term and the allocation for 2017/2018 is R158 million. The construction of the Karino/Nsikazi South Bulk Water Scheme remains a priority and an amount of R212 million has been allocated for phase 2 and 3 of the project over the medium-term. For the Nsikazi North an amount of R27 million has been allocated as a counter-funding for the project and the Rimers Creek Water Treatment Works will be upgraded at an amount of R17 million in the Southern Region.

(b) Roads and stormwater management infrastructure budget allocation will be R341 million over the medium-term and the allocation for 2017/2018 is R134 million.The Sanford access busroute will be upgraded to a tar at a budget allocation of R16 million, Daantjie – Foda road will be upgraded to a tar at a budget allocation of R21 million. Paving of Umjindini streets projects will continue at a budget allocation of R48 million over the medium. Mgcobaneni bus route will be upgraded to a tar at budget allocation of R37 million. Several streets at KaNyamazane will be upgraded to tar or paved roads at a budget allocation of R36 million.

(c) Electricity supply and management infrastructure allocation will amount to R130 million over the medium-term and the allocation for 2017/2018 is R36 million. The upgrade of bulk supply and electrification of Mshoolozi will continue and the budget allocated over the medium-term is R57 million. Umjindini Trust electrification project has been allocated a budget of R8 million and Tekwane-North low-cost housing electrification project has been allocated a budget of R7 million.

(d) Sanitation and sewerage infrastructure allocation will amount to R104 million over the medium-term and the allocation for 2017/2018 is R14 million. The construction of Entokozweni sewer reticulation has been allocated a budget of R24 million over the medium-term. The Tekwane South outfall sewer system will be upgraded at a cost of R43 million over the medium term.

(e) The allocation for public transport infrastructure over the medium-term will amount to R242 million and the allocation for 2017/2018 is R135 million. The Legogote Public Transport Facility construction has been allocated a budget of R36 million over the medium-term. The construction of the KaNyamazane Public Transport Facility has been allocated a budget of R15 million. The R40/D725 roads interchange and University Public Transport Precinct will continue and the budget allocated for this project is R74 million over the medium-term. A budget of R1 million has been allocated for the construction of the Barberton Public Transport Rank.

FREE BASIC SERVICES

The municipality has allocated an amount of R37 million in the 2017/2018 financial year for provision of free basic services. The following free basic services will be provided in accordance with the criteria set on the indigent policy of the municipality. The Indigent Policy of the municipality as approved by Council 28 February 2017 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. There is currently 12 000 households that are registered as indigent (6 percent of the total households of 198 528). The City has adopted the targeted approach on providing of free basic services on electricity and refuse removal services however on water and sanitation, a blanket approach has been adopted.

MAIN OPERATING EXPENDITURE DRIVERS

The impact of the main operating expenditure drivers on the Medium Term Revenue and Expenditure Budget is follows as;

(a) The remuneration cost, including councillors' allowances will amount to R771 million in 2017/2018 financial year due to an annual increase of 7,36 per cent for employees related cost and 6,4 per cent for remuneration of councillors. The remuneration cost to the total operating expenditure budget is 29 per cent. The remuneration cost will increase to R838 million in 2018/2019 financial year and the expenditure to the total operating budget will be 29 per cent as well.

(b) The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R641 million due to an average increase of 0,31 per cent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2017 and bulk water increase of 8,1 per cent. The bulk purchase expenditure make up 24 per cent of the total operating expenditure budget.

Honourable Speaker and distinguished guest, the following are some of the high impact projects that will be implemented with this budget over the medium term in the social infrastructure program as follows;

(a) The construction of the Karino/Nsikazi South Bulk Water Scheme remains a priority and this year is allocated **R33,7 million** has been allocated towards the project over the medium-term.

(b) The Nsikazi South water reticulation scheme is allocated R17, 5 million to respond to the bulkwater projects as they are nearing completion.

(c) Additional 3 ML/D reservoir for Phumlani and associated infrastructure gets **R13,2 million** for the much needed infrastructure for the White River and development around Msholozi.

(d) A further amount of R17,5 million has been allocated for the upgrade of the Rimers Creek Main Water Treatment Plant to ensure consistency of water supply in and around Barberton and Emjindini.

(e) Roads and Stormwater management:

Mjejane road will be upgraded from gravel to tar at a cost of R58 million in 2017/2018 financial year, internal streets upgrade in KaNyamazane project will continue at a cost R48 million, and Part of the R40 Road in Hazyview will be reconstructed at a cost of R13 million in 2017/2018 financial year.

As part of our response to public outcry for the need to address the challenges regarding the service delivery in general, the following projects were earmarked for the 2017/2018 financial year

Southern region

- Matsulu- Paving of Veza Street (ward 13) and the Hambavangeli bus route
- Construction of Mountain View road (ward 27)
- Umjindi - Electrification of 500 houses at Emjindini Trust

Central region

- Elandshoek- Installation of high mast light at Elandshoek
- Msholozi- Formalisation of Msholozi
- Kanyamazane- Paving of streets i.e Emtfonjeni & Umkhuhlu streets, Lalabye & Twist streets and others
- Daantjie- construction of Zakhele to Pholani school road (ward 23) and the Tsuma Bermuda road in Daantjie

Eastern region

- Construction of Sifunindlela Community hall (ward 35)

Northern region

- Construction of kaMphatseni to Siphumelele road (ward 3)

COST CURTAILMENT MEASURES

The cost curtailment measures has been applied in line with the National Government directives on contracted and other expenditure. The cost curtailment will result in reprioritisation and reducing the expenditure by R54 million (6 per cent) in 2017/2018 financial year. The contracted services and expenditure makes up 30 per cent of the total operating expenditure budget.

REVENUE ENHANCEMENT STRATEGY

The City will continue in its endeavor to implement the Revenue Enhancement Strategy without fail, so that the municipality will be able to improve its projected cash flow position as at 30 June 2018 to R210 million from R194 million as at 30 June 2017 and increases to R852 million in 2019/2020 financial year. As part of this budget we have tabled to this Council the revenue enhancement strategy that will strive with all our best effort to ensure that we achieve without failure at all cost.

It be noted that the net cash to be generated from operating activities will amount to R370 million in 2017/2018 financial year and will increase to R695 million over the medium-term. The favourable net-cash from operating activities is an indication that the municipality will be able to generate surplus cash from rendering municipal services such as electricity, water, sanitation, solid waste etc.

YOUTH DEVELOPMENT STRATEGY

Honourable Speaker, The City of Mbombela faces the challenge of high level of youth unemployment and low entrepreneurial activity. The young people face a number of social and economic challenges globally and in South Africa, chief among these challenges are the challenges of HIV and Aids, Crime, Child Headed Households Drug and Alcohol Abuse, and Unemployment and low levels of Youth Entrepreneurial activity.

This is a global challenge hence it is worth noting that there are various International legal frameworks and policies have been established in order to address these, among others the

- *United Nations charter (1945),*
- *United Nations World Program of Action for Youth (2000 – Beyond),*
- *Commonwealth Youth Charter (2005), and the African Youth Charter (2005)*

The South African government has also adopted a number of policies and legislation in order to deal with the various socio-economic challenges faced by the young peolple in the country and these include:

- *The Constitution of the Republic of South Africa*
- *National Youth Commission*
- *National Youth Policy (NYP) 2015 - 2020*
- *Youth Enterprise Development Strategy (2013 -2023): Department of Trade and Industry*

The City of Mbombela has higlighted the need the address these socio-economic challenges faced by young people in it's 2016/2017 Intergrated Development Plan (IDP)
In addressing these challenges, the City appointed the Mpumalanga Economic Development Group to assist and drive the process of developing a comprehensive Youth Development Strategy.

On the April the City of Mbombela signed a memorandum of understanding with the Deputy Minister for Economic Development Madala Masuku, one of our own from the City of Mbombela who has been deployed national to drive one of the critical pillar of economic development in the country, as well as with the Minister for Small Enterprise Development, Minister.

Program Qualifying Criteria

Young people must meet the following qualifying criteria in order to be accepted to the Masisebente program:

(a) They must be between the ages of 18 and 35 years
(b) Must be a South African Citizen
(c) Must Rest reside within the City of Mbombela
(d) Must have a minimum of grade 8 educational qualification or equivalent (for the entrepreneurship programs)

Sub – Programs of the Masisebente Program

The program is made up of the following Sub-Programs:

(a) The Spaza Program
(b) The Galitos Program
(c) The Dunlop Program
(d) The Construction Program
(e) The Clothing and Textile Program
(f) Social Housing Program
(g) Arts and Culture Program
(h) Hair Salon Program
(i) Waste Management Program
(j) The Car wash program
(k) Agriculture and Fisheries, Forestry

IGR AND INTERNATIONAL RELATIONS

The Honourable Speaker as the City of Mbombela we continue to honour the profound legacy of the Umsebe Partnership, which is a intermunicipal partnership with the City of Mbambane in Swaziland, Matola in Mozambique and Nkomazi. We have received a lot of interest from other municipalities, as a result we have now signed pact agreement with the City of Leiria in Portugal. We have recently visited the City of Leiria to benchmark their solar energy programmes, chicken production farming projects as well as alternative energy project of converting waster into energy.

OUTSTANDING AMALGAMATION PROCESS

Arising from the need to amalgamate Umjindi Local Municipality and Mbombela Local Municipality the re-organisation of existing staffing structures (including geographic re-deployment) was found to be necessary to meet operational objectives to service delivery across the entire City. In this regard a preliminary organogram was approved by the Municipal Council subject to further improvement and subsequent approval once a comprehensive assessment that will include finalization of job descriptions and job evaluations.

As a result the employment contracts of employment of all staff of the disestablished municipalities have been transferred, as part of going concern, to the newly established municipalities in terms of Section 197 of the Labour Relations Act as from 6 December 2000. Logically the placement of staff followed and was done in a manner that is consistent with relevant legislation i.e Employment Equity, the objectives of the Employment Equity Act and the Skills Development Act etc. The process was led a joint committee of Local Labour Form constituted by both representatives of labour and management. It is reported that over 75% have been placed with the few remaining to the placed

soon once the statement between the employer component and labour on the process has been finalized in earnest.

CONCLUSION

As I conclude, Honourable Speaker our appreciation goes to the citizens of the young City of Mbombela for the belief and trust they have on the municipality and the ruling party and the other parties in Council. And I would like to assure our citizens that we will indeed deliver on the mandates given to us and we dare not fail them.

I would also like to extend my warmest words of appreciation to the administration team led by the City Manager, his Deputy City Manager and the rest of the Administration for continued vigilance and keeping focus ensuring that they don't get detracted and drop the ball at crucial moments.
Our employees, who would not be deterred by the uncertainties and anxieties of past process of placement of staff, we salute their tenacious spirit and belief that indeed there was light at the end of the tunnel.

To this end Honourable Speaker and the esteemed Members of Council I hereby table the 2017/2018 IDP, Budget and medium-term revenue and expenditure framework to council for consideration for approval.

Let us continue with our noble vision of building
"**The City of Excellence, the ultimate destination"**

Let us continue with our endeavor to fulfil the mission we have set for ourselves, we have said we are
"Together in partnership spatially transforming the city, providing effective local governance, rendering competitive municipal services and sustainable development for living, working, investing and leisure"

I THANK YOU

1.2 COUNCIL RESOLUTIONS

On 31 May 2017, under item A(2), the council of City of Mbombela met at the council chambers to consider the 2017/2018 – 2019/2020 final annual Budget and Medium-Term Revenue and Expenditure Framework report tabled by the Executive Mayor and resolved that;

(a) Council take note of the contents of the report;

(b) The final budget and medium term revenue and expenditure framework (MTREF) consisting of an operating and capital budget for 2017/2018 – 2019/2020 financial years, as reflected in the below be approved:

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	–	–	–	427 805	403 218	403 218	403 218	513 667	561 354	592 790
Service charges	–	–	–	1 145 387	1 029 440	1 029 440	1 029 440	1 178 526	1 281 973	1 378 490
Investment revenue	–	–	–	9 735	7 682	7 682	7 682	8 946	9 840	10 824
Transfers recognised - operational	–	–	–	707 415	475 524	475 524	475 524	695 668	743 053	800 086
Other own revenue	–	–	–	335 086	294 248	294 248	294 248	337 271	347 454	358 891
Total Revenue (excluding capital transfers and contributions)	–	–	–	2 625 428	2 210 112	2 210 112	2 210 112	2 734 077	2 943 674	3 141 081
Employee costs	–	–	–	664 987	616 263	616 263	616 263	731 161	795 751	864 904
Remuneration of councillors	–	–	–	38 920	33 466	33 466	33 466	39 598	41 855	44 199
Depreciation & asset impairment	–	–	–	257 872	219 424	219 424	219 424	260 361	269 123	279 538
Finance charges	–	–	–	47 393	30 720	30 720	30 720	25 770	23 467	21 310
Materials and bulk purchases	–	–	–	691 956	571 534	571 534	571 534	695 779	750 556	809 000
Transfers and grants	–	–	–	188 453	34 020	34 020	34 020	37 196	35 208	37 743
Other expenditure	–	–	–	786 014	898 064	898 064	898 064	892 993	964 927	1 015 157
Total Expenditure	–	–	–	2 675 595	2 403 491	2 403 491	2 403 491	2 682 858	2 880 887	3 071 850
Surplus/(Deficit)	–	–	–	(50 167)	(193 379)	(193 379)	(193 379)	51 219	62 787	69 230
Transfers and subsidies - capital (monetary allocations)	–	–	–	581 285	710 063	710 063	710 063	597 302	541 768	591 343
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	531 118	516 684	516 684	516 684	648 521	604 555	660 574
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	531 118	516 684	516 684	516 684	648 521	604 555	660 574
Capital expenditure & funds sources										
Capital expenditure	–	–	–	751 719	741 424	741 424	741 424	607 134	570 027	640 865
Transfers recognised - capital	–	–	–	605 106	604 286	604 286	604 286	515 929	466 719	509 681
Public contributions & donations	–	–	–	10 423	6 422	6 422	6 422	8 759	5 000	6 050
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	136 190	130 716	130 716	130 716	82 446	98 308	125 134
Total sources of capital funds	–	–	–	751 719	741 424	741 424	741 424	607 134	570 027	640 865
Financial position										
Total current assets	–	–	–	509 832	592 765	554 704	554 704	650 363	901 215	1 316 982
Total non current assets	–	–	–	6 027 115	6 027 115	7 512 094	7 512 094	7 815 439	8 066 709	8 365 340
Total current liabilities	–	–	–	560 967	510 970	542 793	542 793	525 648	544 899	561 201
Total non current liabilities	–	–	–	640 843	640 843	578 927	578 927	561 477	542 872	528 684
Community wealth/Equity	–	–	–	5 335 137	5 468 067	6 945 078	6 945 078	7 378 677	7 880 152	8 592 437
Cash flows										
Net cash from (used) operating	–	–	–	824 758	890 634	890 634	890 634	370 223	474 514	694 627
Net cash from (used) investing	–	–	–	(727 898)	(741 424)	(741 424)	(741 424)	(267 242)	(215 649)	(272 285)
Net cash from (used) financing	–	–	–	(22 362)	(22 362)	(22 362)	(22 362)	(20 410)	(21 596)	(17 209)
Cash/cash equivalents at the year end	–	–	–	247 330	193 654	127 296	127 296	209 867	447 137	852 269
Cash backing/surplus reconciliation										
Cash and investments available	–	–	–	265 228	211 552	146 464	146 464	230 376	469 082	875 750
Application of cash and investments	–	–	–	156 312	(18 654)	59 542	59 542	34 053	26 207	39 877
Balance - surplus (shortfall)	–	–	–	108 916	230 205	86 922	86 922	196 323	442 875	835 873
Asset management										
Asset register summary (WDV)	–	–	–	6 009 218	6 009 218	6 009 218	7 794 930	7 794 930	8 044 764	8 341 859
Depreciation	–	–	–	257 872	219 424	219 424	260 361	260 361	270 690	281 183
Renewal of Existing Assets	–	–	–	445 527	361 326	361 326	361 326	436 463	404 861	388 185
Repairs and Maintenance	–	–	–	230 100	230 100	230 100	267 445	267 445	313 585	368 797
Free services										
Cost of Free Basic Services provided	–	–	–	136 849	136 849	136 849	37 196	37 196	34 004	35 275
Revenue cost of free services provided	–	–	–	404 454	404 454	404 454	412 354	412 354	444 967	480 138
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	179	179	179	179	179	179	180

(c) the final operating expenditure projects budget for the 2017/2018 – 2019/2020 financial years, attached as **Annexure 64/17**, summarised per municipal priority as tabulated below be approved:

DESCRIPTION	Sum of 2017/2018 BUDGET ESTIMATE	Sum of 2018/2019 BUDGET FORECAST	Sum of 2019/2020 BUDGET FORECAST
City Planning and Development	**R 29 500 000**	**R 38 582 000**	**R 52 259 920**
Economic Development	R 5 800 000	R 6 722 000	R 7 748 320
Good Governance and Institutional Development	R 2 200 000	R 1 060 000	R 561 800
Integrated Human Settlement	R 8 500 000	R 17 120 000	R 22 247 200
Revenue Enhancement	R 11 600 000	R 11 680 000	R 19 252 600
Rural Development	R 1 000 000	R 1 500 000	R 1 850 000
Economic Development	R 400 000	R 500 000	R 600 000
Community Services	**R 6 624 051**	**R 10 559 791**	**R 11 040 261**
Community Development	R 5 370 000	R 8 400 500	R 9 640 261
Waste and Environement Management	R 1 254 051	R 2 159 291	R 1 400 000
Corporate services	**R 9 700 000**	**R 9 960 000**	**R 10 637 200**
Good Governance and Institutional Development	R 9 700 000	R 9 960 000	R 10 637 200
Deputy Municipal Manager: Auxiliary Services	**R 4 650 000**	**R 5 273 588**	**R 5 508 925**
Good Governance and Institutional Development	R 4 650 000	R 5 273 588	R 5 508 925
Energy	**R 12 095 223**	**R 15 774 709**	**R 18 223 987**
Electricity supply	R 10 473 094	R 13 389 225	R 15 729 964
Revenue Enhancement	R 1 622 129	R 2 385 484	R 2 494 023
Financial Management	**R 11 240 000**	**R 19 790 000**	**R 20 500 000**
Financial Management	R 500 000	R 1 500 000	R 2 000 000
Revenue enhancement	R 10 740 000	R 18 290 000	R 18 500 000
Municipal Manager	**R 10 000 000**	**R -**	**R -**
Good Governance and Institutional Development	R 10 000 000	R -	R -
Public Safety	**R 3 871 252**	**R 4 356 867**	**R 3 940 146**
Community Development	R 3 871 252	R 4 356 867	R 3 940 146
Public Works and Transport	**R 3 613 569**	**R 5 750 000**	**R 5 000 000**
Roads and Stormwater Management	R 3 613 569	R 5 750 000	R 5 000 000
Strategic Management Services	**R 3 065 000**	**R 5 265 500**	**R 5 413 880**
Good Governance and Institutional Development	R 3 065 000	R 5 265 500	R 5 413 880
Water and Sanitation	**R 6 526 443**	**R 8 673 612**	**R 13 696 489**
Good governannce and Institutional Development	R 4 026 443	R 5 646 902	R 8 951 328
Revenue enhancement	R 2 000 000	R 1 526 710	R 2 245 161
Water Supply	R 500 000	R 1 500 000	R 2 500 000
Grand Total	**R 100 885 538**	**R 123 986 066**	**R 146 220 809**

(d) the final capital expenditure budget for the 2017/2018 – 2019/2012 financial years detailed as **Annexure 65/17,** summarised per municipal priority as tabulated below be approved:

Municipal Priority	Sum of 2017/2018 BUDGET ESTIMATE	Sum of 2018/2019 BUDGET FORECAST	Sum of 2019/2020 BUDGET FORECAST
City Planning and Development	**R 48 142 606**	**R 64 550 187**	**R 70 586 036**
Community Development	R 5 000 000		
Economic Development	R 37 405 862	R 54 750 187	R 57 066 036
Good governance and institutional development	R 847 000	R 1 300 000	R 2 220 000
Integrated Human Settlements	R 2 189 744	R 2 500 000	R 2 800 000
Rural Development	R 2 700 000	R 6 000 000	R 8 500 000
Community Services	**R 9 319 679**	**R 11 706 599**	**R 14 718 983**
Community Development	R 6 807 880	R 7 566 850	R 7 657 423
Waste and Environment Management	R 2 511 799	R 4 139 749	R 7 061 560
Corporate Services	**R 6 700 000**	**R 6 100 000**	**R 7 200 000**
Good governance and institutional development	R 6 700 000	R 6 100 000	R 7 200 000
Deputy Municipal Manager	**R 4 000 000**	**R 5 000 000**	**R 6 050 000**
Water Supply	R 4 000 000	R 5 000 000	R 6 050 000
Energy	**R 37 266 895**	**R 40 608 306**	**R 59 626 806**
Electricity Supply Management	R 35 667 318	R 38 608 709	R 57 123 100
Revenue Enhancement	R 1 599 577	R 1 999 597	R 2 503 706
Financial Management	**R 4 950 000**	**R 6 400 000**	**R 8 895 000**
Financial Management	R 3 300 000	R 3 500 000	R 1 400 000
Revenue Enhancement	R 1 650 000	R 2 900 000	R 7 495 000
Municipal Manager	**R 6 347 306**	**R 5 061 580**	**R 5 353 889**
Good governance and institutional development	R 6 347 306	R 5 061 580	R 5 353 889
Public Safety	**R 3 820 783**	**R 4 655 978**	**R 5 980 028**
Good governance and institutional development	R 3 820 783	R 4 655 978	R 5 980 028
Public Works and Transport	**R 367 459 130**	**R 258 185 977**	**R 283 838 785**
Community Development	R 23 857 458	R 16 000 000	R 11 000 000
Good governance and institutional development	R 5 800 000	R -	R -
Public Transport	R 135 278 070	R 52 099 761	R 54 872 452
Roads and Stormwater Management	R 153 919 108	R 132 319 170	R 122 500 000
Sanitation	R 22 586 798	R 21 716 401	R 43 623 000
Solid waste	R -	R 20 000 000	R 11 843 333
Water Supply	R 26 017 696	R 16 050 645	R 40 000 000
Regional Service Centres	**R 1 000 000**	**R 1 094 000**	**R 1 137 400**
Good governance and institutional development	R 1 000 000	R 1 094 000	R 1 137 400
Strategic Management Services	**R 965 323**	**R 1 000 000**	**R 500 000**
Good governance and institutional development	R 965 323	R 1 000 000	R 500 000
Water and Sanitation	**R 117 162 174**	**R 165 664 500**	**R 176 978 009**
Revenue Enhancement	R 3 512 105	R 1 999 597	R 2 503 706
Sanitation	R 4 838 596	R 23 750 551	R 10 000 000
Water Supply	R 108 811 473	R 139 914 352	R 164 474 303
Grand Total	**R 607 133 895**	**R 570 027 127**	**R 640 864 935**

(e) the final annual budget for the financial year 2017/2018; and indicative allocations for the two projected outer years 2018/2019 and 2019/2020; and the multi-year and single year capital appropriations be approved as set-out in the new budget and reporting regulations attached as **Annexure 63/17**;

- Budgeted Financial Performance (revenue and expenditure by standard classification)
- Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Budgeted Financial Performance (revenue by source and expenditure by type)
- Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.

(f) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and reporting regulations in the following tables as in **Annexure 63/17**, be approved

- Budgeted financial position
- Budgeted cash flows
- Cash backed reserves and accumulated surplus reconciliation
- Asset management
- Basic service delivery measurement

(g) in terms of sections 24(2)(c)(i) and (ii) of the Local Government : Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 6 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be considered for implementation with effect from 1 July 2017 be approved;

Rates and Services Charges Tariffs Increase %:	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Property Rates	6,40%	6,40%	5,70%	5,60%	5,50%	5,50%
Electricity	7,63%	2,12%	7,82%	7,43%	7,73%	7,37%
Water	37,00%	7,78%	7,81%	7,92%	7,93%	8,03%
Refuse Removal	6,93%	7,78%	7,81%	7,92%	7,93%	8,03%
Sewerage	-18,00%	7,78%	7,81%	7,92%	7,93%	8,03%
Concession Area - Water and Sanitation	11,82%	13,32%				
Sundry charges tariffs and fees	12,00%	10,00%	10,00%	10,00%	10,00%	10,00%

1.3 EXECUTIVE SUMMARY

The application of sound budget and financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also promulgating its credit control and debt collection policy into a by law.

The guidelines and assumptions in accordance with the Municipal Finance Management Act and its Regulations and Circulars as well as views from organised business stakeholders traditional leaders and other relevant legislations have also been taken into consideration when compiling the final 2017/2018 – 2019/2020 MTREF budget, including the prevailing macro and internal environment factors.

The 2017/2018 budget and medium-term revenue and expenditure framework is prepared at a time when global and national economies are experiencing weak economic growth. The national economy is expected to take upturn in 2017/2018 growing from current expected growth of 0, 5 per cent to 1,3 per cent and further grow to 2,2 per cent in 2019/2020. The envisaged growth is depended on a combination of a number of factors such as more reliable electricity supply, improved labour relations, low inflation, a recovery in business and consumer confidence and stabilising commodity prices and stronger global growth.

In the context of this weak global and national economic performance, the impact thereof will be felt by the citizen of the country as unemployment, poverty and inequality will remain a challenge. According to the National Development Plan, the national economy should grow at a rate of 5 to 7 per cent per annum in order to alleviate the unemployment, poverty and inequality challenges.

The City has a role to play in ensuring through resources allocated on the budget and the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, poverty and inequality challenges. The new Preferential Procurement Regulations enacted on 20 January 2017 that come into effect on 01 April 2017 provides a mechanisms of ensuring there is local economic beneficiation and empowerment of emerging small business enterprises on the procurement system of the organs of the state. The City should also consider the expanded public works programmes initiatives to create employment by utilising labour intensive mechanisms on implementation of its capital programmes and rendering of certain services.

As the prospect of economic growth remains sluggish, the impact of this phenomena is that the City will not experience significant improvement on the revenue generation and collection hence a conservative approach is advised for projecting revenue on the medium-term revenue and expenditure framework. The implications of insignificant improvement on the municipal revenue is that there should be a repriotization of the municipal programmes and elimination of non-priority spending or expenditure to ensure the core service delivery programmes are not adversely affected by this situation.

Vision 2030 Strategy and Integrated Development Plan (IDP)

In line with the National Development Plan, the City has developed a Vision 2030 strategy that would give effect to the integrated growth and development of the City. The Vision 2030 strategy provides a platform and framework for the desired future of the City and that will be achieved through the following four strategic objectives of the strategy;

(a) To transform the spatial structure of the City.
(b) To establish a competitive economic position.
(c) To plan for, install, maintain and operate infrastructure, and provide services more efficiently and on a sustainable basis.
(d) To lead, direct and manage spatial growth of the City robustly, enhance revenue generation and improve operational efficiency.

The future planning and development of the City will be guided by these four strategic objectives and as a result the 2017-2022 Integrated Development Plan is responding to these strategic objectives. The following key municipal priorities have been identified to take the developmental agenda of the City forward;

(a) Water supply
(b) Road infrastructure development and storm water
(c) Electricity supply and management
(d) Integrated human settlement
(e) Good governance and public participation
(f) Sanitation
(g) Community development
(h) Rural development
(i) Economic development
(j) Waste and environment management
(k) Financial viability and management
(l) Public transport
(m) Public Safety
(n) 2010 legacy

The Integrated Development Plan as a developmental plan for the City will foster how effectively resources should be allocated and utilised. The budget should respond to these developmental agenda encompassed on the Integrated Development Plan and the following are the budget objectives;

(a) To improve adherence to legislative, governance and institutional development framework.
(b) To improve financial performance and sustainability over the long term.
(c) To ensure the citizens of the City are provided with acceptable levels of services.
(d) To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.
(e) To achieve a clean audit outcome.
(f) To enable local economic development initiatives and sustainable employment creation.
(g) To ensure the smooth transition as a result of the amalgamation process in terms of reorganisation and restructuring of policies, processes and systems.

1.3.1 National priorities

National priorities- Expanding public sector investment infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority and the City need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Program (EPWP).

1.3.2 Micro environment factors – economic outlook

From a macro environment perspective, the economic performance over the medium-term looks bleak as a slow economic growth trends has been forecasted and the reflections of this unfavourable economic growth condition will impact negatively on all spheres of government. The revenue base of the City will be under pressure as no new revenues will be derived at the moment due to the slow economic growth and local circumstances.

As the economy is not growing, the is a possibility of increase in the cost of borrowings due to the possible downgrade of the credit rating, job losses and dwindling of revenue generation and collection capacity by all spheres of governments therefore a conservative approach will need to be adopted when projections are made for expected revenues cash receipts in the next medium-term.

On the expenditure side - careful analysis and evaluation of the current spending patterns need to be conducted so that the allocation of funds in the next medium-term is in line with the key municipal priorities and non-priority spending is eliminated (austerity measures need to be implemented).

The South African economic growth outlook measured in terms of real Gross Domestic Product (GDP) in 2016 to 2022 .According to the 2017 National Budget and other sources, the Consumer Price Index (CPI) is projected stay above the South African Reserve Bank CPI targeting band of 3 – 6 per cent in 2017/2018 financial year. However, it will decrease to fall within the target band from 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2021/2022 financial year;

The forecasted headline inflation for medium-term will be as follows;

Description	Estimate					
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Economic Outlook:						
Consumer Price Index (CPI) %	6,4%	6,4%	5,7%	5,6%	5,5%	5,5%
Real Gross Domestic Product (GDP) %	0,50%	1,3%	2,0%	2,2%	2,3%	2,4%
Annualised Nominal Price Rate Increase %	**6,93%**	**7,78%**	**7,81%**	**7,92%**	**7,93%**	**8,03%**

1.3.3 Revenue enhancement assumptions

The City has appointed a service provider to assist in developing an appropriate cost reflective structure on water and sanitation, refuse removal, and electricity tariffs to phase in the necessary tariff increase in a manner that will spread the impact on consumer over a period of time as prescribed in MFMA Circular 58.

(a) Grants allocations

Due to the national fiscal consolidation process, the allocation on the three main conditional grants namely; Municipal Infrastructure Grant, Public Transport Network Grant, and Water Services Infrastructure Grant is reduced to fund urgent national priorities. National Treasury has introduced the following reforms on the infrastructure conditional grants;

(i) The introduction of performance incentives for urban infrastructure grants, as well as a new dispensation for large cities other than the metros, that better respond to built-environment challenges and growth opportunities;
(ii) The refinement of grant allocation rules to encourage budgeting for routine maintenance. This will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure; and
(iii) Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

The reforms on the local government conditional grants are introduced at the time when the City is struggling to keep up with the maintenance and refurbishment requirement of the infrastructure in the peri-urban and rural areas due to inadequate financial resources and also where this social infrastructure is built there is absolutely no cost recovery or the social infrastructure built is not revenue generating in nature.

It is therefore recommended that the two Departments namely; Public Works and Transport, and Water and Sanitation undertake a process of ensuring the aforementioned reforms on the infrastructure grants are implemented in particular, the development of business plans for the routine maintenance and refurbishment of the social infrastructure located in the peri-urban and rural areas where there is absolutely no cost recovery. The business plans should be submitted to the respective transferring departments for approval during 2017/2018 financial year so that the approved projects for the routine maintenance can be implemented in 2018/2019 financial year.

The total grants allocated to the City in terms of the 2017 Division of Revenue Bill (DoRB) amounts R3 969 billion over the medium-term and the grants allocated for 2017/2018 budget year is R1 293 billion, showing a slight decrease from 2016/2017 allocation of R1 294 billion and further to increase to R1 391 billion over the medium-term.

The table below provides details regarding the 2017/2018 grants allocation over the medium.

CITY OF MBOMBELA GRANT	Estimate 2016/2017	Estimate 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022
OPERATING GRANT		9%	9%	8%	6%	6%
Equitable Share	R 556 020 000	R 608 678 000	R 662 052 000	R 712 545 000	R 751 734 975	R 793 080 399
Municipal Systems Improvement Grant (MSIG)						
Financial Management Grant (FMG)	R 3 250 000	R 3 400 000	R 3 656 000	R 3 916 000	R 4 131 380	R 4 358 606
Municipal Demarcation Transition Grant	R 13 428 000	R 4 566 000				
Electricity Demand Side Management	R 10 000 000	R 7 000 000	R 8 000 000	R 10 000 000	R -	R -
Expanded Public Works Programme	R 5 686 000	R 6 714 000	R -	R -	R -	R -
TOTAL OPERATIONAL ALLOCATION	**R 588 384 000**	**R 630 358 000**	**R 673 708 000**	**R 726 461 000**	**R 755 866 355**	**R 797 439 005**
Growth (%)		**9%**	**6%**	**8%**	**4%**	**5%**
CAPITAL GRANTS		3%	6%	6%	6%	6%
Municipal Infrastructure Grant (MIG)	R 330 659 000	R 339 939 000	R 360 701 000	R 382 612 000	R 403 655 660	R 425 856 721
Water Services Infrastructure Grant	R 115 372 000	R 40 000 000	R 40 000 000	R 45 000 000	R 47 475 000	R 50 086 125
Neighbourhood Development Partnership Grant	R 48 637 000	R 40 000 000	R 60 000 000	R 60 000 000	R 60 000 000	R 60 000 000
Public Transport Network Grant	R 200 058 000	R 211 673 000	R 120 412 000	R 127 356 000	R 134 360 580	R 141 750 412
Intergrated National Electrification Programme	R 11 000 000	R 31 000 000	R 30 000 000	R 50 000 000	R 52 750 000	R 55 651 250
TOTAL CAPITAL ALLOCATION	**R 705 726 000**	**R 662 612 000**	**R 611 113 000**	**R 664 968 000**	**R 698 241 240**	**R 733 344 508**
Growth (%)		**-6%**	**-8%**	**9%**	**5%**	**5%**
TOTAL ALLOCATION	**1 294 110 000**	**1 292 970 000**	**1 284 821 000**	**1 391 429 000**	**1 454 107 595**	**1 530 783 513**
Growth (%)		0%	-1%	8%	5%	5%
IN-KIND ALLOCATIONS						
Regional Bulk Infrastructure		R 40 254 000	R 24 042 000	R 39 396 000	R 41 562 780	R 43 848 733
Intergrated National Electrification Programme		R 57 154 000	R 55 136 000	R 58 334 000	R 61 542 370	R 64 927 200
Neighbourhood Development Partnership Grant		R 1 890 000	R 1 250 000	R 1 200 000	R 1 266 000	R 1 335 630
TOTAL IN-KIND ALLOCATION	**R -**	**R 99 298 000**	**R 80 428 000**	**R 98 930 000**	**R 104 371 150**	**R 110 111 563**

The City will experience increase on the equitable share by average of 9 per cent per annum over the medium-term. The infrastructure conditional grants such as Water Services Infrastructure Grant and Public Transport Network Grant have been reduced significantly during the medium-term by 61 per cent and 37 per cent respectively.

(b) Revising of rates, tariffs and other charges

The revision of the rates, tariffs and other charges for the 2017/2018 budgets and MTREF should take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the City, the need to ensure financial sustainability, local economic conditions and the affordability of services by the ratepayers and consumers, taking into consideration the City's indigent policy for indigent household to access free basic services.

According to the 2017 National is Budget and other sources, the Consumer Price Index (CPI) is projected to stay above the South African Reserve Bank CPI target band of 3 - 6 per cent in 2017/2018 financial year. However it will decrease to fall within the target band from 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) year until 2021/2022 financial year.

Description	Estimate					
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Economic Outlook:						
Consumer Price Index (CPI) %	6,4%	6,4%	5,7%	5,6%	5,5%	5,5%
Real Gross Domestic Product (GDP) %	0,50%	1,3%	2,0%	2,2%	2,3%	2,4%
Annualised Nominal Price Rate Increase %	**6,93%**	**7,78%**	**7,81%**	**7,92%**	**7,93%**	**8,03%**

Notwithstanding the advice by National Treasury to keep the tariff increase within the estimated CPI over the medium-term, the increase of cost of certain commodities and services that are required by

the City to render the much needed services to the local communities is above the estimated inflation. And therefore, it will not be financial sustainable to keep the increase on services charges within the estimated inflation. The recommended tariffs and fees for property rates, services and sundry charges for 2017/2018 and the medium-term will be as illustrated on the table below;

Rates and Services Charges Tariffs Increase %:	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Property Rates	6,40%	6,40%	5,70%	5,60%	5,50%	5,50%
Electricity	7,63%	2,12%	7,82%	7,43%	7,73%	7,37%
Water	37,00%	7,78%	7,81%	7,92%	7,93%	8,03%
Refuse Removal	6,93%	7,78%	7,81%	7,92%	7,93%	8,03%
Sewerage	-18,00%	7,78%	7,81%	7,92%	7,93%	8,03%
Concession Area - Water and Sanitation	11,82%					
Average Increase - Non-Concession Area	7,99%	6,37%	7,39%	7,36%	7,40%	7,39%
Average Increase - Concession Area	8,20%	5,43%	7,11%	6,98%	7,05%	6,97%
Sundry charges tariffs and fees	12,00%	10,00%	10,00%	10,00%	10,00%	10,00%

There will be a significant relief to the consumers during 2017/2018 financial year as the electricity tariffs are estimated to increase by 2,12 per cent, subject to approval by the National Energy Regulator of South Africa (NERSA). Overall the fees and tariffs for property rates, services and sundry charges will increase an average by 6,37 per cent in 2017/2018 financial year and by an average of 7,38 per cent in 2018/2019 financial year in the non-concession areas.
Sembcorp tariffs increase is determined in accordance with tariff model stipulated on the Service Agreement Three (4) which takes the current consumer price indexes (CPI) per commodity plus a margin of 4,3 percent and other economic factors into account.

As a result of the amalgamation process, the City will have to undertake a process of remodeling of the cost and tariffs from the current financial year and over the next two financial years in the different functional areas such as electricity, water, sanitation, refuse removal and other critical services delivery functional areas to ensure the tariffs and fees charge for rendering such services is a true reflection of the cost. The former Mbombela Local City has undertaken such a process since 2014/2015 financial year however the process has become irrelevant due to the amalgamation process.

(c) The ability of City to collect revenue (payment levels)

The estimated payment level trends for the current financial and the forecast for the next mid-term including is as follows;

Financial Perfomance Indicators or Ratios	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Collection on currents - Rates and Services charges	95%	96%	96%	97%	97%	97%

The collection rate in 2017/2018 is expected to drop by 1 per cent due to the current economic situation and it will then pick up in the outer two years as the economic conditions improves.

The debtors factoring mechanisms be explored and considered as a debt collection mechanism to increase the ability of the City to collect outstanding debts.

(d) Revenue enhancement strategy

The major challenge faced by the City is that the current revenue base is fully committed and therefore there is a need to first prevent revenue losses, secondly to explore the opportunities of increasing the revenue base and thirdly to explore new revenue streams.

The City of Mbombela has developed a revenue enhancement strategy to address revenue generation, collection and protection potential risks and challenges that impact on the financial governance and sustainability of the municipality. The strategy was approved with this budget at the Council meeting held 31 May 2017 under item A(4) for implementation 1 July 2017.

1.3.4 Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 6,13 per cent in 2017/2018, 6,92 per cent in 2018/2019 and 6,46 per cent in 2019/2020 with an exception of the key cost or expenditure drivers stated on the table below;

Operating Expenditure:	2016/2017	2017/2018	2018/2019	2018/2020	2018/2021	2018/2022
Employees Related Cost	6,00%	7,36%	6,70%	6,60%	6,50%	6,50%
Councillors Remuneration	4,00%	6,40%	5,70%	5,60%	5,50%	5,50%
Contracted Services	4,05%	5,25%	5,25%	4,55%	4,45%	4,35%
Bulk Purchases: Electricity	7,86%	0,31%	8,00%	8,00%	8,00%	8,00%
Bulk Purchases: Water	9,90%	8,10%	8,10%	7,40%	7,30%	7,20%
Other Materials	5,33%	6,33%	6,33%	5,63%	5,53%	5,43%
Transfers and Grants	6,40%	7,90%	7,90%	7,20%	7,10%	7,00%
Other Expenditure	5,42%	7,42%	7,42%	6,72%	6,62%	6,52%
Average Increase %	**6,12%**	**6,13%**	**6,92%**	**6,46%**	**6,37%**	**6,31%**

The main contributors to the increase on the operating expenditure is the employees related cost, water bulk purchases, transfers and grants and other expenditure. There is a huge relief on the electricity bulk purchases as the increase will be 0,31 per cent in 2017/2018 financial year and this came as a result of the NERSA granting an approval of the Eskom tariff determination application.

The key considerations on the operating expenditure are as follows**;**

(a) The employees related cost expenditure estimate for 2017/2018 financial year is in line with the annual remuneration adjustment requirement of the collective agreement of average CPI as at 31 January 2017 plus 1 per cent. It also be noted that the estimated budget allows only R17 million filling of critical vacant positions in 2017/2018 financial year.

(b) A cut of non-essential expenditure such catering, financial sponsoring of non-government events, hiring of conference facilities for meetings, travelling and accommodation must be in line with the travelling and accommodation policy, overtime in line with the overtime management strategy etc.

(c) Prevent utilisation of contractors or service providers where there is sufficient staff complement.

(d) Review of all supply chain management contracts in particular, the multiple extended contracts and renegotiate contract terms and conditions (deliverables and contract amounts).

(e) An operating surplus budget approach was adopted for 2017/2018 and subsequent financial years as a budget model that will ensure the City can start to building up cash reserves.

1.3.5 Capital expenditure guidelines and assumptions

The funding of the capital expenditure budget will be sourced from conditional grants allocations and internal reserves. No new external loans (borrowings) will be sourced during the medium-term.

The funding of capital expenditure from internal generated funds will be minimised to the affordability level of the City.

1.3.6 Provision of free basic services to the indigent households

The Indigent Policy of the City as approved by Council on the 28 February 2017 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy will be reviewed on annual basis to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs.

The following assumptions were also taken into consideration towards the provision of free basic services;

(a) Reducing the impact of poverty through free basic service provision;
(b) Protecting the poor from the harsh economic realities;

The City will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R80 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

1.3.7 Municipal Standard Chart of Accounts (MSCOA) implementation

In order to ensure the City complies with the MSCOA Regulations which requires municipalities and municipal entities to comply on 01 July 2017, the City has implemented a project plan that guides the MSCOA implementation in three phases.

(a) MSCOA implementation phase one (1)

The MSCOA implementation is at an advance stage, the phase one (1) implementation has been completed in November 2016 which encompasses the budget and general ledger MSCOA conversion and the transacting on the MSCOA structure version 5.4 started in August 2016.

The upgrade to MSCOA version 6.1 was concluded and the MSCOA data strings for the final approved budget was submitted 14 June 2017 to the National Treasury.

(b) MSCOA implementation phase two (2)

The MSCOA implementation phase two (2) entails the seamless interface of the financial management sub-systems with the cores system (SOLAR application system) and phase 2 should be completed on 30 June 2017

(c) MSCOA implementation phase three (3)

The MSCOA implementation phase three (3) entails the seamless interface of sub-systems of other departments to the Core system that have a bearing on the financial management sub-systems and the core system and this phase should be completed on 30 June 2018.

1.4 OPERATING REVENUE FRAMEWORK

For City of Mbombela to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every City. The reality is that the City is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The City's revenue strategy is built around the following key components:

(a) National Treasury's guidelines and macroeconomic policy;
(b) Growth in the City and continued economic development;
(c) Efficient revenue management, which aims to ensure a 94 per cent annual collection rate for property rates and other key service charges such as electricity, water, sewerage and refuse removal services;
(d) Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
(e) Achievement of full cost recovery of specific user charges especially in relation to trading services;
(f) Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
(g) The City's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
(h) Increase ability to extend new services and recover costs;
(i) The City's Indigent Policy and rendering of free basic services; and
(j) Tariff policies of the City.

The following table is a summary of the 2017/2018 annual budget and MTREF – Revenue classified by main source;

Description	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source							
Property rates	427 805	403 218	403 218	403 218	513 667	561 354	592 790
Service charges - electricity revenue	933 229	841 302	841 302	841 302	941 132	1 024 045	1 100 126
Service charges - water revenue	91 244	74 544	74 544	74 544	96 812	104 377	112 647
Service charges - sanitation revenue	20 565	23 683	23 683	23 683	29 581	31 892	34 419
Service charges - refuse revenue	100 348	89 911	89 911	89 911	111 002	121 659	131 298
Service charges - other	–	–	–	–	–	–	–
Rental of facilities and equipment	28 855	18 185	18 185	18 185	22 876	25 163	27 680
Interest earned - external investments	9 735	7 682	7 682	7 682	8 946	9 840	10 824
Interest earned - outstanding debtors	13 690	19 650	19 650	19 650	26 235	28 859	31 745
Dividends received	–	–	–	–	–	–	–
Fines, penalties and forfeits	32 740	24 301	24 301	24 301	29 944	32 938	36 232
Licences and permits	4 734	4 207	4 207	4 207	4 924	5 417	5 959
Agency services	172 797	154 902	154 902	154 902	189 601	208 561	229 418
Transfers and subsidies	707 415	475 524	475 524	475 524	695 668	743 053	800 086
Other revenue	82 271	72 685	72 685	72 685	63 690	46 515	27 858
Gains on disposal of PPE	–	318	318	318	–	–	–
Total Revenue (excluding capital transfers and contributions)	**2 625 428**	**2 210 112**	**2 210 112**	**2 210 112**	**2 734 077**	**2 943 674**	**3 141 081**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The municipality will receive most of its revenue from services charge (electricity, water, sewerage and refuse removal services) amounting to R1 179 billion indicating an increase of R149 million (14 per cent) from R1 029 billion in 2016/2017 financial year and increases to R1 378 billion over the medium-term. The revenue from services charge makes up 43 per cent of the total operating revenue budget.

The revenue from property rates will amount to R514 million after taking into account property rates revenue forgone which is rates exemptions and rebates granted in terms of the rates policy amounting to R201 million in 2017/2018 financial year and increases to R593 million over the medium-term. The property rates revenue contributes about 18 per cent of the total operating revenue budget.

Operating grants allocation comprising of equitable share and other small grants contributes 25 per cent to the total operating revenue budget and will amount to R 696 million in 2017/2018 financial year and increases to R800 million over the medium-term

The other revenue amounts to R337 million indicating an increase of R43 million (15 per cent) from the budget amount of R294 million for the 2016/2017 financial year. The other revenue comprises of revenue from agency fees of R190 million, interest from outstanding debtors and investments of R35 million, rental of municipal properties and facilities of R23 million and sundry income of R63 million. The other revenue contributes about 13 percent of the total operating revenue budget.

The following table gives a breakdown of the various operating and capital grants and subsidies allocations to the City over the medium term:

MP326 City of Mbombela - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	**599,384**	**599,384**	**1,175,340**	**661,358**	**703,708**	**776,461**
Local Government Equitable Share					556,020	556,020	1,112,040	608,678	662,052	712,545
Finance Management					3,250	3,250	6,500	3,400	3,656	3,916
Municipal Systems Improvement					–	–	–	–	–	–
EPWP Incentive					5,686	5,686	11,372	6,714	–	–
Integrated National Electrification Programme					11,000	11,000	22,000	31,000	30,000	50,000
Other transfers/grants [EEDSM/MDTG]					23,428	23,428	23,428	11,566	8,000	10,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [EEDSM/MDTG]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	**16,533**	**16,533**	**33,066**	**16,997**	**18,035**	**19,131**
MIG/PTIG Operation					16,533	16,533	33,066	16,997	18,035	19,131
Disaster Relief / NDPG										
Total Operating Transfers and Grants	5	–	–	–	**615,917**	**615,917**	**1,208,406**	**678,355**	**721,743**	**795,592**
Capital Transfers and Grants										
National Government:		–	–	–	**678,193**	**690,333**	**1,368,526**	**614,615**	**563,078**	**595,837**
Municipal Infrastructure Grant (MIG)					314,126	314,126	628,252	322,942	342,666	363,481
Public Transport and Systems					200,058	200,058	400,116	211,673	120,412	127,356
Neighbourhood Development Partnership					48,637	80,777	129,414	40,000	60,000	60,000
					–	–	–	–	–	–
Other capital transfers/grants [WSIG]					115,372	95,372	210,744	40,000	40,000	45,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
MIG/PTIG Operation										
Total Capital Transfers and Grants	5	–	–	–	**678,193**	**690,333**	**1,368,526**	**614,615**	**563,078**	**595,837**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	**1,294,110**	**1,306,250**	**2,576,932**	**1,292,970**	**1,284,821**	**1,391,429**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the City, local economic conditions and the affordability of services taking into consideration the City's indigent policy were taken into consideration.

There will be a significant relief to the consumers during 2017/2018 as the electricity tariffs are estimated to increase by 2,12 per cent, subject to approval by National Energy Regulator of South Africa (NERSA). Rand Water and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the City's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a City are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP326 City of Mbombela - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		–	–	–	323.50	323.50	323.50	6.4%	344.20	363.82	384.19
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	1,469.41	1,469.41	1,469.41	2.1%	1,500.56	1,617.60	1,737.79
Water: Basic levy		–	–	–	99.86	99.86	99.86	2.1%	101.95	109.90	118.04
Water: Consumption		–	–	–	465.41	465.41	465.41	7.8%	501.72	540.85	580.87
Sanitation		–	–	–	149.95	149.95	149.95	7.8%	161.64	174.25	190.28
Refuse removal		–	–	–	164.32	164.32	164.32	7.8%	177.14	191.49	206.61
Other		–	–	–	–	–	–	–	–	–	–
sub-total		–	–	–	**2,672.44**	**2,672.44**	**2,672.44**	**4.3%**	**2,787.20**	**2,997.91**	**3,217.79**
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total large household bill:		–	–	–	**2,672.44**	**2,672.44**	**2,672.44**	**4.3%**	**2,787.20**	**2,997.91**	**3,217.79**
% increase/-decrease			–	–	–	–	–		**4.3%**	**7.6%**	**7.3%**
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		–	–	–	219.14	219.14	219.14	6.4%	233.17	246.46	260.26
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	635.47	635.47	635.47	2.1%	648.81	699.42	751.39
Water: Basic levy		–	–	–	99.86	99.86	99.86	2.1%	101.95	109.90	118.59
Water: Consumption		–	–	–	368.45	368.45	368.45	7.8%	397.19	428.17	462.00
Sanitation		–	–	–	149.95	149.95	149.95	7.8%	161.64	174.25	188.01
Refuse removal		–	–	–	110.03	110.03	110.03	7.8%	118.62	127.87	139.63
Other		–	–	–	–	–	–	–	–	–	–
sub-total		–	–	–	**1,582.90**	**1,582.90**	**1,582.90**	**5.0%**	**1,661.38**	**1,786.07**	**1,919.88**
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		–	–	–	**1,582.90**	**1,582.90**	**1,582.90**	**5.0%**	**1,661.38**	**1,786.07**	**1,919.88**
% increase/-decrease			–	–	–	–	–		**5.0%**	**7.5%**	**7.5%**

1.5 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2017/2018 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserved to fund any deficit;

(a) Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
(b) The capital program is aligned to the IDP priorities;
(c) Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
(d) Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/2018 budget and MTREF (classified per main type of operating expenditure):

Description	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Employee related costs	664 987	616 263	616 263	616 263	731 161	795 751	864 904
Remuneration of councillors	38 920	33 466	33 466	33 466	39 598	41 855	44 199
Debt impairment	96 169	81 288	81 288	81 288	57 987	61 861	47 576
Depreciation & asset impairment	257 872	219 424	219 424	219 424	260 361	269 123	279 538
Finance charges	47 393	30 720	30 720	30 720	25 770	23 467	21 310
Bulk purchases	640 974	517 378	517 378	517 378	640 935	692 243	747 407
Other materials	50 982	54 156	54 156	54 156	54 844	58 313	61 593
Contracted services	406 903	548 209	548 209	548 209	442 303	465 524	486 705
Transfers and subsidies	188 453	34 020	34 020	34 020	37 196	35 208	37 743
Other expenditure	282 941	268 568	268 568	268 568	392 703	437 542	480 876
Loss on disposal of PPE	–	–	–	–	–	–	–
Total Expenditure	**2 675 595**	**2 403 491**	**2 403 491**	**2 403 491**	**2 682 858**	**2 880 887**	**3 071 850**

The employees' remuneration cost will amount to R771 million in 2017/2018 financial year due to an annual increase of 7, 36 per cent for employees related cost and 6, 4 per cent for remuneration of councilors. The remuneration cost to the total operating expenditure budget is 29 per cent. The employees remuneration cost will increase to R838 million in 2018/2019 financial year and the expenditure to the total operating budget will be 29 per cent as well.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R641 million due to an average increase of 0
, 31 per cent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2017 and bulk water increase of 8, 1 per cent. The bulk purchase expenditure make up 24 per cent of the total operating expenditure budget.

The depreciation cost will be R260 million and contributes 10 per cent of the total operating expenditure and is about 3 percent of the total assets carrying value of R7 439 billion. The depreciation costs represent the rate at which the assets of the City are utilized in rendering services

and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The cost curtailment measures has been applied in line with the National Government directives on contracted and other expenditure. The cost curtailment will result in reprioritization and reducing the expenditure by R54 million (6 per cent) in 2017/2018. The contracted services and expenditure makes up 30 per cent of the total operating expenditure budget.

Included on this expenditure items is IDP operating projects amounting to R101 million in 2017/2018 financial year and increase to R146 million in 2019/2020 financial year. The breakdown of the total expenditure for operating projects per municipal priorities is as tabulated below.

DESCRIPTION	Sum of 2017/2018 BUDGET ESTIMATE	Sum of 2018/2019 BUDGET FORECAST	Sum of 2019/2020 BUDGET FORECAST
City Planning and Development	**R 29 500 000**	**R 38 582 000**	**R 52 259 920**
Economic Development	R 5 800 000	R 6 722 000	R 7 748 320
Good Governance and Institutional Development	R 2 200 000	R 1 060 000	R 561 800
Integrated Human Settlement	R 8 500 000	R 17 120 000	R 22 247 200
Revenue Enhancement	R 11 600 000	R 11 680 000	R 19 252 600
Rural Development	R 1 000 000	R 1 500 000	R 1 850 000
Economic Development	R 400 000	R 500 000	R 600 000
Community Services	**R 6 624 051**	**R 10 559 791**	**R 11 040 261**
Community Development	R 5 370 000	R 8 400 500	R 9 640 261
Waste and Environement Management	R 1 254 051	R 2 159 291	R 1 400 000
Corporate services	**R 9 700 000**	**R 9 960 000**	**R 10 637 200**
Good Governance and Institutional Development	R 9 700 000	R 9 960 000	R 10 637 200
Deputy Municipal Manager: Auxiliary Services	**R 4 650 000**	**R 5 273 588**	**R 5 508 925**
Good Governance and Institutional Development	R 4 650 000	R 5 273 588	R 5 508 925
Energy	**R 12 095 223**	**R 15 774 709**	**R 18 223 987**
Electricity supply	R 10 473 094	R 13 389 225	R 15 729 964
Revenue Enhancement	R 1 622 129	R 2 385 484	R 2 494 023
Financial Management	**R 11 240 000**	**R 19 790 000**	**R 20 500 000**
Financial Management	R 500 000	R 1 500 000	R 2 000 000
Revenue enhancement	R 10 740 000	R 18 290 000	R 18 500 000
Municipal Manager	**R 10 000 000**	**R -**	**R -**
Good Governance and Institutional Development	R 10 000 000	R -	R -
Public Safety	**R 3 871 252**	**R 4 356 867**	**R 3 940 146**
Community Development	R 3 871 252	R 4 356 867	R 3 940 146
Public Works and Transport	**R 3 613 569**	**R 5 750 000**	**R 5 000 000**
Roads and Stormwater Management	R 3 613 569	R 5 750 000	R 5 000 000
Strategic Management Services	**R 3 065 000**	**R 5 265 500**	**R 5 413 880**
Good Governance and Institutional Development	R 3 065 000	R 5 265 500	R 5 413 880
Water and Sanitation	**R 6 526 443**	**R 8 673 612**	**R 13 696 489**
Good governannce and Institutional Development	R 4 026 443	R 5 646 902	R 8 951 328
Revenue enhancement	R 2 000 000	R 1 526 710	R 2 245 161
Water Supply	R 500 000	R 1 500 000	R 2 500 000
Grand Total	**R 100 885 538**	**R 123 986 066**	**R 146 220 809**

The City has allocated an amount of R37 million in the 2017/2018 financial year for provision of free basic services. The following free basic services will be provided in accordance with the criteria set on the indigent policy of the City.

During the compilation of the 2017/2018 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, the City is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

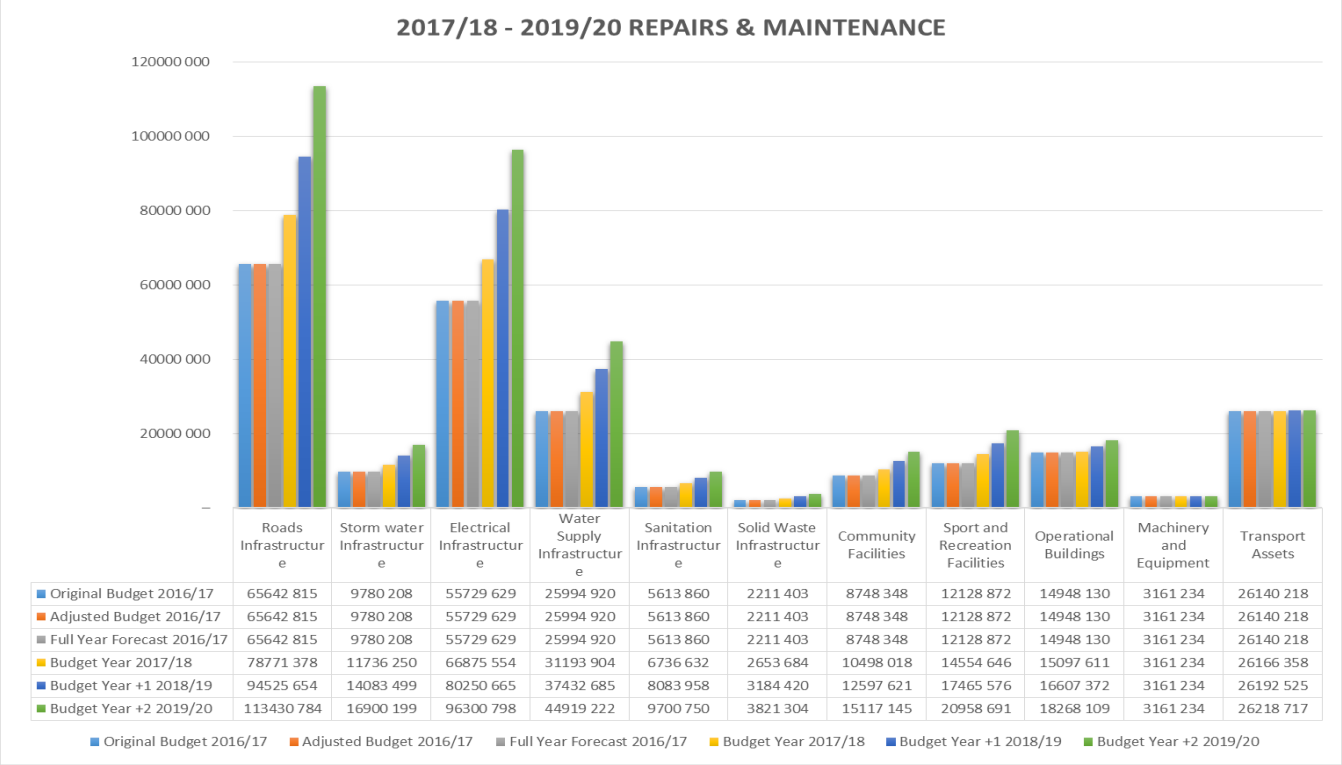
The table below provides a breakdown of the repairs and maintenance in relation to asset class:

MP326 City of Mbombela - Table A9 Asset Management

Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Depreciation	**257 872**	**219 424**	**219 424**	**260 361**	**269 123**	**279 538**
Repairs and Maintenance by Asset Class	**230 100**	**230 100**	**230 100**	**267 445**	**313 585**	**368 797**
Roads Infrastructure	65 643	65 643	65 643	78 771	94 526	113 431
Storm water Infrastructure	9 780	9 780	9 780	11 736	14 083	16 900
Electrical Infrastructure	55 730	55 730	55 730	66 876	80 251	96 301
Water Supply Infrastructure	25 995	25 995	25 995	31 194	37 433	44 919
Sanitation Infrastructure	5 614	5 614	5 614	6 737	8 084	9 701
Solid Waste Infrastructure	2 211	2 211	2 211	2 654	3 184	3 821
Infrastructure	**164 973**	**164 973**	**164 973**	**197 967**	**237 561**	**285 073**
Community Facilities	8 748	8 748	8 748	10 498	12 598	15 117
Sport and Recreation Facilities	*12 129*	*12 129*	*12 129*	*14 555*	*17 466*	*20 959*
Community Assets	**20 877**	**20 877**	**20 877**	**25 053**	**30 063**	**36 076**
Operational Buildings	14 948	14 948	14 948	15 098	16 607	18 268
Other Assets	**14 948**	**14 948**	**14 948**	**15 098**	**16 607**	**18 268**
Machinery and Equipment	**3 161**	**3 161**	**3 161**	**3 161**	**3 161**	**3 161**
Transport Assets	**26 140**	**26 140**	**26 140**	**26 166**	**26 193**	**26 219**
TOTAL EXPENDITURE OTHER ITEMS	**487 972**	**449 523**	**449 523**	**527 806**	**582 708**	**648 335**

For the 2017/2018 financial year, 38 percent or (R198 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 15 per cent (R79 million), followed by Electrical by 13 per cent (R67 million), Water supply 6 per cent (R31 million), Transport Asset 5 per cent (R26 million), Community assets 5 per cent and Other assets is at 3 per cent (R15 million).

Below is the graphic illustration on repairs and maintenance by asset class;



	Roads Infrastructure	Storm water Infrastructure	Electrical Infrastructure	Water Supply Infrastructure	Sanitation Infrastructure	Solid Waste Infrastructure	Community Facilities	Sport and Recreation Facilities	Operational Buildings	Machinery and Equipment	Transport Assets
Original Budget 2016/17	65642 815	9780 208	55729 629	25994 920	5613 860	2211 403	8748 348	12128 872	14948 130	3161 234	26140 218
Adjusted Budget 2016/17	65642 815	9780 208	55729 629	25994 920	5613 860	2211 403	8748 348	12128 872	14948 130	3161 234	26140 218
Full Year Forecast 2016/17	65642 815	9780 208	55729 629	25994 920	5613 860	2211 403	8748 348	12128 872	14948 130	3161 234	26140 218
Budget Year 2017/18	78771 378	11736 250	66875 554	31193 904	6736 632	2653 684	10498 018	14554 646	15097 611	3161 234	26166 358
Budget Year +1 2018/19	94525 654	14083 499	80250 665	37432 685	8083 958	3184 420	12597 621	17465 576	16607 372	3161 234	26192 525
Budget Year +2 2019/20	113430 784	16900 199	96300 798	44919 222	9700 750	3821 304	15117 145	20958 691	18268 109	3161 234	26218 717

Original Budget 2016/17 Adjusted Budget 2016/17 Full Year Forecast 2016/17 Budget Year 2017/18 Budget Year +1 2018/19 Budget Year +2 2019/20

Free basic services: basic social services package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 12 000 or more indigent households during the 2017/2018 financial year, a process reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The table below depicts a summary of the allocations per municipal priority on the capital expenditure budget.

Municipal Priority	Sum of 2017/2018 BUDGET ESTIMATE		Sum of 2018/2019 BUDGET FORECAST		Sum of 2019/2020 BUDGET FORECAST	
City Planning and Development	**R**	**48 142 606**	**R**	**64 550 187**	**R**	**70 586 036**
Community Development	R	5 000 000				
Economic Development	R	37 405 862	R	54 750 187	R	57 066 036
Good governance and institutional development	R	847 000	R	1 300 000	R	2 220 000
Integrated Human Settlements	R	2 189 744	R	2 500 000	R	2 800 000
Rural Development	R	2 700 000	R	6 000 000	R	8 500 000
Community Services	**R**	**9 319 679**	**R**	**11 706 599**	**R**	**14 718 983**
Community Development	R	6 807 880	R	7 566 850	R	7 657 423
Waste and Environment Management	R	2 511 799	R	4 139 749	R	7 061 560
Corporate Services	**R**	**6 700 000**	**R**	**6 100 000**	**R**	**7 200 000**
Good governance and institutional development	R	6 700 000	R	6 100 000	R	7 200 000
Deputy Municipal Manager	**R**	**4 000 000**	**R**	**5 000 000**	**R**	**6 050 000**
Water Supply	R	4 000 000	R	5 000 000	R	6 050 000
Energy	**R**	**37 266 895**	**R**	**40 608 306**	**R**	**59 626 806**
Electricity Supply Management	R	35 667 318	R	38 608 709	R	57 123 100
Revenue Enhancement	R	1 599 577	R	1 999 597	R	2 503 706
Financial Management	**R**	**4 950 000**	**R**	**6 400 000**	**R**	**8 895 000**
Financial Management	R	3 300 000	R	3 500 000	R	1 400 000
Revenue Enhancement	R	1 650 000	R	2 900 000	R	7 495 000
Municipal Manager	**R**	**6 347 306**	**R**	**5 061 580**	**R**	**5 353 889**
Good governance and institutional development	R	6 347 306	R	5 061 580	R	5 353 889
Public Safety	**R**	**3 820 783**	**R**	**4 655 978**	**R**	**5 980 028**
Good governance and institutional development	R	3 820 783	R	4 655 978	R	5 980 028
Public Works and Transport	**R**	**367 459 130**	**R**	**258 185 977**	**R**	**283 838 785**
Community Development	R	23 857 458	R	16 000 000	R	11 000 000
Good governance and institutional development	R	5 800 000	R	-	R	-
Public Transport	R	135 278 070	R	52 099 761	R	54 872 452
Roads and Stormwater Management	R	153 919 108	R	132 319 170	R	122 500 000
Sanitation	R	22 586 798	R	21 716 401	R	43 623 000
Solid waste	R	-	R	20 000 000	R	11 843 333
Water Supply	R	26 017 696	R	16 050 645	R	40 000 000
Regional Service Centres	**R**	**1 000 000**	**R**	**1 094 000**	**R**	**1 137 400**
Good governance and institutional development	R	1 000 000	R	1 094 000	R	1 137 400
Strategic Management Services	**R**	**965 323**	**R**	**1 000 000**	**R**	**500 000**
Good governance and institutional development	R	965 323	R	1 000 000	R	500 000
Water and Sanitation	**R**	**117 162 174**	**R**	**165 664 500**	**R**	**176 978 009**
Revenue Enhancement	R	3 512 105	R	1 999 597	R	2 503 706
Sanitation	R	4 838 596	R	23 750 551	R	10 000 000
Water Supply	R	108 811 473	R	139 914 352	R	164 474 303
Grand Total	**R**	**607 133 895**	**R**	**570 027 127**	**R**	**640 864 935**

The City will be spending in the next three years R1 401 billion (77 percent) of the total capital expenditure budget) on social infrastructure development to address backlogs and upgrade the

existing infrastructure. The social infrastructure development budget will be primarily spent as follows;

(f) Bulk water and reticulation infrastructure budget allocation will amount to R584 million over the medium-term and the allocation for 2017/2018 is R158 million. The construction of the Karino/Nsikazi South Bulk Water Scheme remains a priority and an amount of R212 million has been allocated for phase 2 and 3 of the project over the medium-term. For the Nsikazi North an amount of R27 million has been allocated as a counter-funding for the project and the Rimers Creek Water Treatment Works will be upgraded at an amount of R17 million in the Southern Region.

(g) Roads and stormwater management infrastructure budget allocation will be R341 million over the medium-term and the allocation for 2017/2018 is R134 million. The Sanford access busroute will be upgraded to a tar at a budget allocation of R16 million, Daantjie – Foda road will be upgraded to a tar at a budget allocation of R21 million. Paving of Umjindini streets projects will continue at a budget allocation of R48 million over the medium. Mgcobaneni bus route will be upgraded to a tar at budget allocation of R37 million. Several streets at KaNyamazane will be upgraded to tar or paved roads at a budget allocation of R36 million.

(h) Electricity supply and management infrastructure allocation will amount to R130 million over the medium-term and the allocation for 2017/2018 is R36 million. The upgrade of bulk supply and electrification of Mshoolozi will continue and the budget allocated over the medium-term is R57 million. Umjindini Trust electrification project has been allocated a budget of R8 million and Tekwane-North low-cost housing electrification project has been allocated a budget of R7 million.

(i) Sanitation and sewerage infrastructure allocation will amount to R104 million over the medium-term and the allocation for 2017/2018 is R14 million. The construction of Entokozweni sewer reticulation has been allocated a budget of R24 million over the medium-term. The Tekwane South outfall sewer system will be upgraded at a cost of R4 million over the medium term.

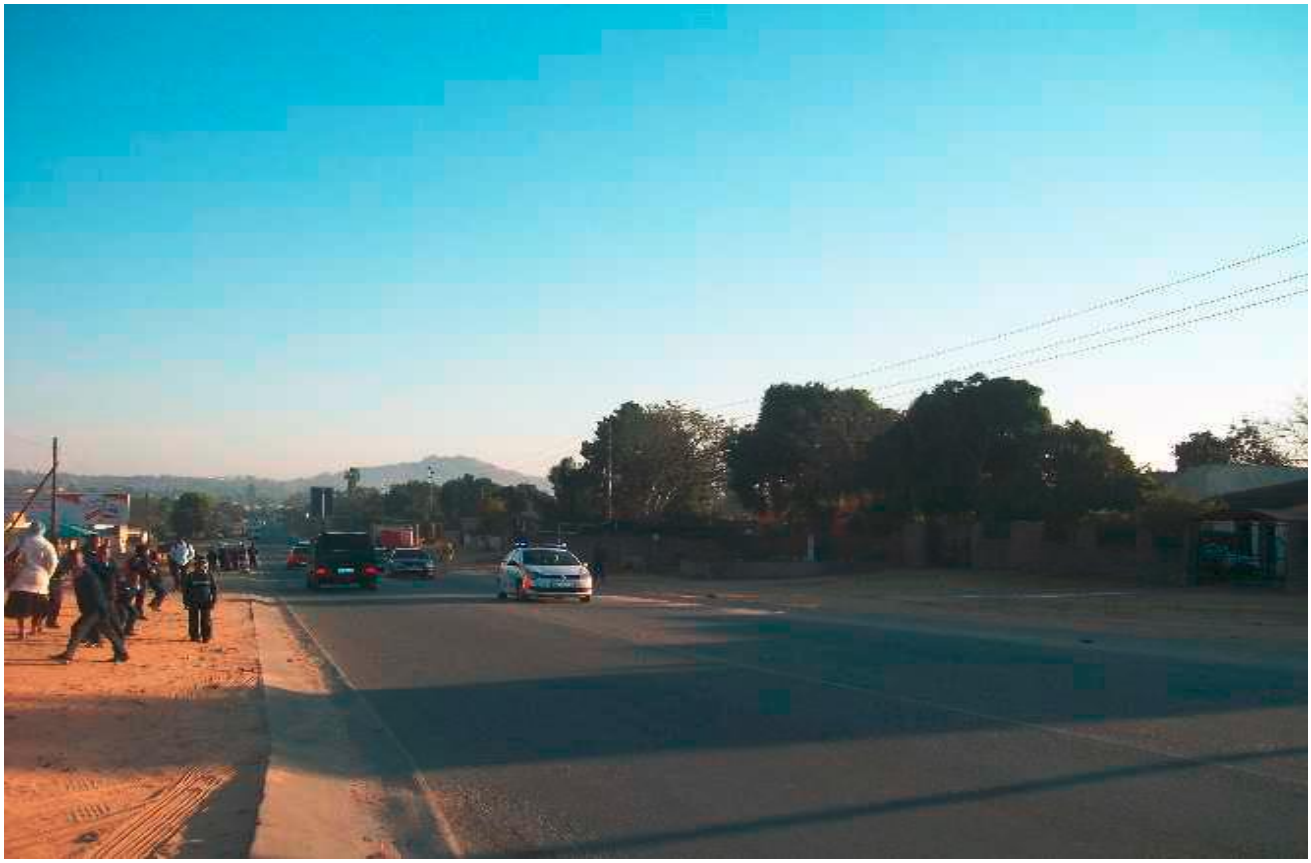
(j) The allocation for public transport infrastructure over the medium-term will amount to R242 million and the allocation for 2017/2018 is R135 million. The Legogote Public Transport Facility construction has been allocated a budget of R36 million over the medium-term. The construction of the KaNyamazane Public Transport Facility has been allocated a budget of R15 million. The R40/D725 roads interchange and University Public Transport Precinct will continue and the budget allocated for this project is R74 million over the medium-term. A budget of R1 million has been allocated for the construction of the Barberton Public Transport Rank.

Highlights on some of the projects the City will undertake per service

(a) Upgrade of Valencia Park Sub-station – Energy Department

(b) Water works project water supply Pipeline

(c) Community development projects – City Planning and development



Furthermore a detailed breakdown of the capital budget per project over the medium-term – Referred as Annexure 65/17 on the council resolutions.

FINAL 2017/2018 CAPITAL EXPENDITURE BUDGET										
DEPARTMENT	IMPLEMENTING DEPARTMENT	MUNICIPAL PRIORITY	PROJECT DESCRIPTION	SOURCE OF FUNDING	LOCATION	WARD	2016/2017 ADJUSTED BUDGET	2017/2018 BUDGET ESTIMATE	2018/2019 BUDGET FORECAST	2019/2020 BUDGET FORECAST
Public Works and Transport	Project Impletation Unit	Roads and Stormwater Management	Construction of Mataffin Bus Route	MI Grant	Mataffin	14	R 20,000,000	R 12,852,479	R -	R -
Public Works and Transport	Project Impletation Unit	Roads and Stormwater	Construction of Pedestrian Bridges in Wards 7,8 & 9 Phase 1	MI Grant				R 4,000,000	R 8,000,000	R 8,000,000
Public Works and Transport	Project Impletation Unit	Roads and Stormwater	Construction of Pedestrian Bridges in Wards 4, 10 11, 31, 32, & 35 Phase	MI Grant		31		R 4,274,202	R 8,000,000	R 8,000,000
Public Works and Transport	Project Impletation Unit	Roads and Stormwater	Construction of Pedestrian Bridges in Wards 2, 18, 21 & 24	MI Grant				R -	R 7,000,000	R 7,000,000
Public Works and Transport	Project Impletation Unit	Roads and Stormwater	Construction of Pedestrian Bridges in Wards 1, 3 & 5 Phase 1	MI Grant				R -	R 7,500,000	R 7,500,000
Public Works and Transport	Project Impletation Unit	Roads and Stormwater	Construction of Pedestrian Bridges in Wards 14, 22, 26 & 27 Phase 1	MI Grant				R -	R 7,500,000	R 7,500,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Sand Ford Access Road	MI Grant	Sandford	1	R 200,000	R 8,196,148	R 7,803,852	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Kanyamazane Street - Connies Street	MI Grant	Kanyamazane	18,19		R 6,800,000	R -	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Pharaphaara Street	MI Grant	Kanyamazane	19,20	R -	R 2,631,120		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Kanyamazane Streets: construction of Mirage Street	MI Grant	Kanyamazane	11		R 2,670,109	R -	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Kanyamazane Streets: Construction of Shackleton to Red Barron street	MI Grant	Kanyamazane	11		R 4,739,397	R -	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Sibuyile paved road phase 2	MI Grant	Sibuyile		R 4,229,771	R 3,000,000	R 30	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	TV/Nkomeni Mangozeni Road	MI Grant	TV/Nkomeni	11	R 13,766,216	R 5,000,000	R -	
Public Works and Transport	Project Implementation Unit	Sanitation	Mataffin Sanitation structures	MI Grant	Mataffin	14	R 4,090,416	R 3,800,000	R -	R -
Public Works and Transport	Project Implementation Unit	Water Supply	Construction of the Noordkaap Water treatment packaged plant	MI Grant	Barberton			R 544,889	R -	R -
Public Works and Transport	Project Implementation Unit	Water Supply	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 **(Electrical, Mechanical Works and OMO Reservoir bulk water supply)**	MI Grant	Karino/Tekwane North	2,4,10,11,18,	R 44,903,868	R 25,472,807	R 16,050,645	R 40,000,000
Water and Sanitation	Water and Sanitation	Water Supply	MTS - WTW Extension With 6mld	MI Grant	Matsulu		R 5,000,000	R 438,596	R 30,000,000	R 10,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Construction of Phumlani Water Scheme	MI Grant	Phumlani	14	R 7,000,000	R 13,157,895	R 20,000,000	R 5,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Nsikazi North Water Reticulation Scheme	MI Grant	Nsikazi North		R 9,186,850	R 15,543,849	R 15,607,176	R 30,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Nsikazi South water reticulation scheme	MI Grant	Nsikazi South		R 9,186,850	R 15,543,849	R 15,607,176	R 30,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Nsikazi North bulk water supply	MI Grant	Nsikazi north		R 13,020,419	R 20,000,000	R 25,000,000	R 32,000,000
Public Works and Transport	Project Implementation Unit	Community Development	Upgrading of Masoyi Sports facilities	MI Grant	Masoyi	6		R -	R 6,000,000	R 4,000,000
Public Works and Transport	Project Implementation Unit	Community Development	Upgrading of Matsulu Stadium	MI Grant	Matsulu			R 2,500,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Daantjie-Construction of Foda Nkomeni Road	MI Grant	Daantjie-Foda Nkomeni		R 2,000,000	R 16,500,000	R 4,000,000	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Tekwane south- construction of krokodile street	MI Grant	Tekwane South		R 150,000	R 2,850,088	R -	R -
Public Works and Transport	Project Implementation Unit	Community Development	Construction of Sifunindlela Community Hall	MI Grant	Sifunindlela		R 150,000	R 7,717,357	R -	R -
Public Works and Transport	Project Implementation Unit	Community Development	Construction of Hazyview-Sandriver Community Hall	MI Grant	Sandriver	25	R 200,000	R 7,453,694	R -	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of roads and stormwater with interlocking paving road at Verulam	MI Grant	Barberton-Verulum		R 100,000	R 5,304,498	R -	R -

Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Upgrade of gravel roads to interlocking paving within Umjindi areas	MI Grant	Barberton		R 100,000	R 10,000,000	R 18,000,000	R 20,000,000
Public Works and Transport	Project Implementation Unit	Solid waste	Rehabilitation & upgrading of the umjindi regional solid waste disposal site	MI Grant	Barberton		R 100,000	R -	R 20,000,000	R 11,843,333
Public Works and Transport	Project Implementation Unit	Community Development	Upgrading of Umjindi stadium	MI Grant	Barberton		R 250,000	R 4,870,619	R -	R -
Public Works and Transport	Project Implementation Unit	Community Development	Refurbishment and upgrading of high-mast and street lights	MI Grant	Barberton		R 10,000,000	R -	R 10,000,000	R 7,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Mgcobaneni bus route	MI Grant	Mgcobaneni		R 100,000	R 1,900,000	R 20,000,000	R 15,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Tsuma-Mashego bermuda road	MI Grant	Msogwaba	26	R 100,000	R 1,834,255		R 5,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Sandriver-Majika bus route	MI Grant	Sandriver	25	R 100,000	R 5,000,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Matsulu Hambavangeli bermuda road	MI Grant	Matsulu		R -	R 4,000,000		
Public Works and Transport	Project Implementation Unit	Sanitation	Entokozweni sewer reticulation	MI Grant	Entokozweni		R 100,000	R 877,193	R 15,000,000	R 8,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Matsulu Street: Construction of Mfuleni bus route	MI Grant	Matsulu			R 1,555,119		R 5,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Street in Kanyamazane- Lulaby street	MI Grant	Kanyamazane			R 2,000,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Street in Kanyamazane- Twist street	MI Grant	Kanyamazane			R 1,600,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Linantji Street	MI Grant	Kanyamazane			R 3,200,000	R 3,078,310	
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of streets in Kanyamazane: Liphopho street	MI Grant	Kanyamazane			R 4,000,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Street in Kanyamazane- Rythme Street	MI Grant	Kanyamazane			R 1,600,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater	Construction of streets in Kanyamazane: Panflute Street	MI Grant	Kanyamazane			R 1,600,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater	Construction of Street in Kanyamazane- Bell Street	MI Grant	Kanyamazane			R 1,600,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater	Construction of streets in Kanyamazane: Trombone Street	MI Grant	Kanyamazane			R 1,600,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater	Construction of streets in Kanyamazane: Harp Street	MI Grant	Kanyamazane			R 1,600,000		
Public Works and Transport	Project Implementation Unit	Sanitation	Tekwane South Outfall sewer	MI Grant	Tekwane South			R 17,909,605		R 25,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater	Construction of Mkhumlakheza bus route	MI Grant	Daantjie			R 6,000,000		R 5,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Construction of Zakheni-bermuda road	MI Grant	Daantjie			R 5,000,000		
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Pedestrian bridge in Ward 3	MI Grant	Mahushu	3		R 438,596	R 6,000,000	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Mphatseni to Siphumelele road upgrade Ward 3	MI Grant	KaMphatseni	3		R 745,614	R 1,000,000	R 14,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	LoveCorner to Cemetery road Ward 4	MI Grant		4		R 745,614	R 14,000,000	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Zwelisha bermuda bus route Ward 4	MI Grant		4		R 701,754	R 1,000,000	R 14,000,000
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Veza road upgrade Ward 13	MI Grant		13		R 701,754		R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Mthonjeni-Mkhuhlu road upgrade Ward 19	MI Grant		19		R 701,754		R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Main road bus stop1 to Masinga-Ntokozweni road upgrade Ward 22	MI Grant		22		R 701,754		R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Zakheleni to Pholani School road upgrade Ward 23	MI Grant	Daantjie	23		R 701,754		R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Hercules-Cessna street	MI Grant	Kanyamazane	21		R 300,000	R 2,628,614	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Dakota- Pilot streets	MI Grant	Kanyamazane	21		R 450,000	R 3,629,661	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Cessna street	MI Grant	Kanyamazane	21		R 450,000	R 3,942,921	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Messer Schimdt street	MI Grant	Kanyamazane	21		R 450,000	R 4,235,782	R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Mountainview road upgrade Ward 27	MI Grant		27		R 701,754		R -
Public Works and Transport	Project Implementation Unit	Community Development	Makoko Community Hall Ward 34	MI Grant	Makoko	34		R 438,596		R -
Public Works and Transport	Project Implementation Unit	Community Development	Mbonisweni Community Hall Ward 38	MI Grant	Mbonisweni	38		R 438,596		R -
Public Works and Transport	Project Implementation Unit	Community Development	Numbi Community Hall Ward 39	MI Grant	Numbi	39		R 438,596		R -
Public Works and Transport	Project Implementation Unit	Roads and Stormwater Management	Pedestrian bridge Ward 40 at Alliance	MI Grant		40		R 438,596		R -
Public Works and Transport	Project Implementation Unit	Good governance and institutional development	Upgrading of existing Mechanical workshop	Internal Funding	Mbombela		R 2,500,000	R 1,400,000	R -	R -
Public Works and Transport	Project Implementation Unit	Good governance and institutional development	Upgrading of Hazyview ablution and change rooms facilites	Internal Funding	Hazyview	1	R 100,000	R 3,000,000	R -	R -
Public Works and Transport	Project Implementation Unit	Good governance and institutional development	Mbombela Nursery renovation of ablution and change rooms facilities	Internal Funding	Mbombela		R 858,772	R 1,400,000	R -	R -
Public Works and Transport	Project Implementation Unit	Sanitation	Nelspruit Mataffin Outfall Sewer	Internal Funding	Mbombela				R 6,716,401	R 10,623,000
Public Works and Transport	Roads and Stormwater	Roads and Stormwater Management	Dr Enos Mabuza Drive: Widening to 4 lanes: Upgrading of intersection with Johanna St - Continue [Ph 1a]	Service Contributions	Sonheuwel	R 15	R 959,100	R 4,759,149		
Public Works and Transport	Roads and Stormwater	Roads and Stormwater Management	Upgradings on Ferreira St and Enos Mabuza Dr to address road safety issues	Internal Funding	Nelspruit	R 17	R 3,100,000	R 1,200,000		
Public Works and Transport	Roads and Stormwater	Roads and Stormwater Management	Nel/Rood St: Widening to 4 lanes: Planning & Design	Internal Funding	Sonheuwel	R 16		R 2,023,599		

Public Works and Transport	Roads and Stormwater	Roads and Stormwater Management	Speedhumps: 2 per ward [90]	Internal Funding	All wards	All	R 780,000	R 1,000,000	R 1,000,000	R 1,000,000
Public Works and Transport	Roads and Stormwater	Roads and Stormwater Management	Purchase of Vehicles, Construction Plant and Equipment	Internal Funding	Institutional	All		R 3,300,000	R 3,500,000	R 5,000,000
Public Works and Transport	Roads and Stormwater	Roads and Stormwater Management	Purchase of Small plant and equipment	Internal Funding	Institutional	All	R 300,000	R 500,000	R 500,000	R 500,000
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Water Infrastructure Assets	Internal Funding	Mbombela	All wards	R -	R 1,500,000	R 4,000,000	R 4,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Upgrade of Additional 3.5 ML Reservoir in Hazyview	Internal Funding	Hazyview	1	R -	R -	R 500,000	R -
Water and Sanitation	Water and Sanitation	Water Supply	Installation of back-up Generators	Internal Funding	Institutional	Institutional	R -	R -	R 1,000,000	R 1,500,000
Water and Sanitation	Water and Sanitation	Water Supply	Procurement of Plants and Equipment	Internal Funding	Institutional	Institutional	R 4,000,000	R 1,000,000	R 2,500,000	R 2,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Upgrade of the Augmentation Scheme Mbombela to White River	Internal Funding	Mbombela			R 387,572	R 4,000,000	R 6,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Noodgedacht Reservoir	Internal Funding	White River			R -	R -	R 500,000
Water and Sanitation	Water and Sanitation	Water Supply	Truck Filling Points	Internal Funding				R 2,000,000	R 2,000,000	R 2,500,000
Water and Sanitation	Water and Sanitation	Water Supply	Boreholes Augmentation & Storage Programme	Internal Funding	Institutional	Institutional		R 3,000,000	R 700,000	R 1,000,619
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Saddleback Tunnel at Lomati Dam	Internal Funding	Barberton			R 1,590,589	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	Procurement of Fleet	Internal Funding	Institutional	Institutional	R 5,000,000	R -	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	Raising of Primpkop Dam	Internal Funding	Primkop	38	R -	R -	R -	R 500,000
Water and Sanitation	Water and Sanitation	Sanitation	Refurbishment of Waste Water Infrastructure Assets	Internal Funding	Mbombela	All wards	R 1,500,000	R 1,000,000	R 3,200,000	R 4,000,000
Water and Sanitation	Water and Sanitation	Sanitation	Construction of 6 ML New Hazyview WWTW	Internal Funding	Hazyview,Shabala la	1	R 1,000,000	R -	R 300,000	R -
Water and Sanitation	Water and Sanitation	Sanitation	Upgrade Hazyview WWTW	Internal Funding	Hazyview	1	R 1,245,825	R -	R -	R 1,000,000
Water and Sanitation	Water and Sanitation	Sanitation	Refurbishment and Upgrade (7.5 ML) of Rocky's Drift WWTW	Internal Funding	Rocky's Drift	14	R 1,000,000	R 900,000	R -	R -
Water and Sanitation	Water and Sanitation	Sanitation	Refurbishment and Upgrade of Coltshill Bulk Outfall Sewer	WSI Grant	White River	30	R 1,000,000	R 438,596	R 8,000,000	R -
Water and Sanitation	Water and Sanitation	Sanitation	Refurbishment and Upgrade of Northern Bulk Outfall Sewer	WSI Grant	White River	30	R 1,000,000	R -	R 8,087,719	R -
Water and Sanitation	Water and Sanitation	Revenue Enhancement	Implementation of Water Conversation & Demand Management Programme	Internal Funding	All wards	All wards	R 3,547,252	R 3,512,105	R 1,999,597	R 2,503,706
Water and Sanitation	Water and Sanitation	Sanitation	Alternative Sanitation	Internal Funding	Institutional			R 2,000,000	R 3,662,832	R 5,000,000
Water and Sanitation	Water and Sanitation	Sanitation	eMjindini x11 Sewer Reticulation	Internal Funding	Barberton		R -	R -	R 500,000	R -
Water and Sanitation	Water and Sanitation	Sanitation	Construction of a new Kabokweni sewer pump station, outfall sewer and associated infrastructure	Internal Funding	Kabokweni	33	R 3,000,000	R 500,000	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	White River WTW Back-Up Raw Water Supply	WSI Grant	White River	30	R 1,000,000	R 414,541	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	Upgrade of Additional 3.5 ML Reservoir and Bulk Water Supply in Hillsview	WSI Grant	White River	30	R 500,000	R 438,596	R -	R 10,000,000
Water and Sanitation	Water and Sanitation	Water Supply	White River Complex Reservoir 3 ML	WSI Grant	White River	30	R 500,000	R 438,596	R -	R 7,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of White River WTW and Country Estate WTW	WSI Grant	White River	30	R 4,000,000	R -	R -	R 2,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of WTW in Hazyview	WSI Grant	Hazyview	1	R 2,000,000	R -	R -	R 500,000
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Kanyamazane WTW	WSI Grant	Kanyamazane	2,4,10,11,18,19,20,21,22,23,24,26,29,31,32,33,35,39	R -	R -	R -	R 1,500,000
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Water Network,AC Replacement and Booster Pump Station in White River and Rocky's Drift	WSI Grant	White River	30	R 4,000,000	R -	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Water Network, AC Replacement and Booster Pump Station in Hazyview	WSI Grant	Hazyview	1	R 3,107,895	R -	R -	R 3,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Package Plants (Mshadza, Majika, Mganduzweni)	WSI Grant	Phola, Majika & Mganduzweni and Water Package Treatment works	5, 9, 25	R 5,500,000	R -	R 5,000,000	R 6,000,000

Water and Sanitation	Water and Sanitation	Water Supply	Upgrade of the Crane and Lifting Beams Capacity at Nyongane WTW, Kanyamazane WTW and Raw Water Pump Station and Sabie Raw Pump Station and Extractor Fans	WSI Grant	Institutional	Institutional	R 7	R -	R -	R 2,000,000
Water and Sanitation	Water and Sanitation	Water Supply	Upgrade of Phumlani to White river bulk water line	WSI Grant	Phumlani	14,30	R 3,000,000	R 9,410,021	R 8,000,000	R -
Water and Sanitation	Water and Sanitation	Water Supply	Refurbishment of Kabokweni Water Network	WSI Grant	Kabokweni	33	R 5,137,719	R -	R -	R 1,473,684
Water and Sanitation	Water and Sanitation	Water Supply	Upgrading of Barberton and Verulam Bulk Pipeline and Reservoirs	WSI Grant	Baberton			R 6,719,298	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	Upgrading of Rimers Creek WTW	WSI Grant	Baberton			R 17,228,071	R -	R -
Water and Sanitation	Water and Sanitation	Water Supply	Makoko 1.5 ML Package Plant	WSI Grant	Makoko	37	R 4,000,000	R -	R 6,000,000	R 6,000,000
Energy	Energy	Electricity Supply Management	New/Ugrade of Ext 17 2x20MVA 132/22kV Substation	INEP Grant	Baberton	41, 42,43,44,45	R -	R 1,500,000		
Energy	Energy	Electricity Supply Management	132kV Switching Station and Bulk Supply Line (Bartberton Waterworks Sub)	INEP Grant	Baberton	41, 42,43,44,45	R -	R 2,800,000		
Energy	Energy	Electricity Supply Management	Electrification of 560 Households at Ext 17 (Umjindi) (100+200+260) Urban	INEP Grant	Ext 17	45	R -	R 1,550,000	R 3,100,000	R 4,030,000
Energy	Energy	Electricity Supply Management	Msholozi (Mbombela) Bulk Supply	INEP Grant	Msholozi	14	R -	R 6,543,859	R 3,865,789	R 16,200,000
Energy	Energy	Electricity Supply Management	Electrification of 2550 Households at Msholozi	INEP Grant	Msholozi	14	R -	R 4,499,123	R 11,600,000	R 15,000,000
Energy	Energy	Electricity Supply Management	Electrification of 722 Households at Thekwane South	INEP Grant	Tekwane South	18	R -	R -	R 4,650,000	R 6,963,000
Energy	Energy	Electricity Supply Management	Electrification of 500 Households at Emjindini Trust	INEP Grant	Emjindini Trust	41	R -	R 3,100,000	R 3,100,000	R 1,666,649
Energy	Energy	Electricity Supply Management	Electrification of 530(491 RDP) Households at Thekwane North	INEP Grant	Tekwane North	18		R 7,200,000	R -	R -
Energy	Energy	Electricity Supply Management	Montana 132/11kV 2x20MVA Substation	Internal Funding	Stonehenge	15	R -	R 1,300,000		
Energy	Energy	Electricity Supply Management	Anderson Substation Upgrade to 2X20MVA 132/11kV	Internal Funding	Mbombela	16	R -	R 1,000,000		
Energy	Energy	Electricity Supply Management	Valencia Substation Upgrade Phase 2: 20MVA 132/11kV Transformer	Internal Funding	Valencia	17	R -	R 874,336	R 1,792,920	R 1,763,451
Energy	Energy	Electricity Supply Management	Replace OHL with Underground Cables Phase 1 (Southern Region)	Internal Funding	Southern Region	41, 42,43, 44, 45	R -	R 1,100,000	R 1,800,000	R 2,500,000
Energy	Energy	Electricity Supply Management	SCADA Phase 1	Internal Funding	Central & Southern Region	18, 14, 15, 16, 17, 30, 41, 42,43, 44, 45	R -	R 1,500,000	R 3,000,000	R 3,000,000
Energy	Energy	Electricity Supply Management	KaMagugu 11kV Switcing Station	Internal Funding	KaMagugu	18	R -	R 1,000,000	R 5,700,000	R 6,000,000
Energy	Energy	Revenue Enhal	Meter Replacement Programme	Internal Funding	Central & Southern Regions	18, 14, 15, 16, 17, 30, 41, 42,43, 44, 45	R -	R 1,599,577	R 1,999,597	R 2,503,706
Energy	Energy	Electricity Supply Management	Streetlights Hazyview CDB	Internal Funding	Northern Region	1	R -	R 1,700,000		
Strategic Management Services	Strategic Management Services	Good governance and institutional development	Revamp of the call centre	Internal Funding	Institutional	Institutional	R 1,200,000	R 965,323	R 1,000,000	R 500,000
City Planning and Development	City Planning and Development	Community Development	Construction of New Stalls	MI Grant	Barberton,Hazyview , N4 Route	Institutional		R 1,000,000		
City Planning and Development	City Planning and Development	Community Development	Construction of Msogwaba Job Linkage Centre	MI Grant	Msogwaba	26		R 4,000,000		

City Planning and Development	City Planning and Development	Economic Development	Welcome and Tourism to Attraction	Internal Funding	Institutional	Institutional	R -	R 618,142	R 318,608	R 3,234,457
City Planning and Development	City Planning and Development	Economic Development	Incubation Hub Tekwane South	Internal Funding	Institutional	Institutional	R -	R 500,000	R 500,000	R 500,000
City Planning and Development	City Planning and Development	Economic Development	Incubation Hub Dingwel	Internal Funding	Institutional	Institutional	R -	R 500,000	R 500,000	R 500,000
City Planning and Development	City Planning and Development	Economic Development	Tourism Infrastructure Route	Internal Funding	Ntsikazi	Institutional	R 1,000,000	R 700,000	R 800,000	R 200,000
City Planning and Development	City Planning and Development	Integrated Human Settlements	Supply and Installation of 80 solar energy gyser	Internal Funding	matsulu	13,27 and 28	R -	R 2,189,744	R 2,500,000	R 2,800,000
City Planning and Development	City Planning and Development	Rural Development	Construction of Broiler Houses	Internal Funding	Gutshwa, Clau-Clau, Makoko, Malekutu, Nyongani, Nkohlakalo, Salubindza, Dwaleni	31, 33, 32, 1, 35, 37, 34,	R 1,000,000	R 1,000,000	R 2,000,000	R 2,500,000
City Planning and Development	City Planning and Development	Rural Development	Construction of Piggery Houses	Internal Funding	Clau-Clau, Khumbula, Numbi, Dayzenza, Makoko, Mataffin	35, 3, 34, 32,	R 1,000,000	R 1,000,000	R 2,000,000	R 2,500,000
City Planning and Development	City Planning and Development	Rural Development	Infrastructure Development for Women and Young People in Agriculture	Internal Funding	All Wards	All Wards	R -	R 700,000	R 2,000,000	R 3,500,000
City Planning and Development	City Planning and Development	Economic Development	Upgrade of KaNyamazane and Luphisi Road - Neighbourhood Programme	NDP Grant			R 42,664,035	R 35,087,719	R 52,631,579	R 52,631,579
City Planning and Development	City Planning and Development	Good governance and institutional development	Fencing of Municipal properties in the various regions of the municipality-Matsulu, Tekwane South, Tekwane North,Verulem Umjindi,White River, Kanyamazane, Kabokweni, Maggiesdal,	Internal Funding	All Wards	13,18,20,21,15,	R -	R 500,000	R 900,000	R 1,800,000
City Planning and Development	City Planning and Development	Good governance and institutional development	Erecting and Installation of Notification boards within the vacant municipal properties	Internal Funding	All Wards	Institutional	R -	R 347,000	R 400,000	R 420,000
Corporate Services	Corporate Services	Good governance and institutional development	Replacement of obsolete HVAC plant and equipment at Civic Centres and Regional Centres	Internal Funding	Institutional	Institutional	R -	R 2,000,000		
Corporate Services	Corporate Services	Good governance and institutional development	New / Upgrade End user equipment	Internal Funding	Institutional	Institutional	R 4,621,938	R 1,000,000	R 3,000,000	R 3,500,000
Corporate Services	Corporate Services	Good governance and institutional development	New / Upgrade Server and Network infrastructure	Internal Funding	Institutional	Institutional	R 2,700,000	R 2,000,000	R 1,500,000	R 2,000,000
Corporate Services	Corporate Services	Good governance and institutional development	New / Upgrade Software	Internal Funding	Institutional	Institutional	R 1,000,000	R 1,000,000	R 1,000,000	R 1,000,000
Corporate Services	Corporate Services	Good governance and institutional development	New / Upgrade CCTV System	Internal Funding	Institutional	Institutional	R 500,000	R 700,000	R 600,000	R 700,000
Financial Management	Financial Management	Financial Management	Implementation of invoice tracking system \workflow	Internal Funding	Institutional	Institutional		R 300,000		
Financial Management	Financial Management	Financial Management	Renovation of municipal stores (Central)	Internal Funding	Central region	Institutional			R 800,000	
Financial Management	Financial Management	Revenue Enhar	Implementation of the intergrated electronic automated meter reading system	Internal Funding	All regions	Institutional		R 500,000	R 600,000	
Financial Management	Financial Management	Revenue Enhar	Implementation of the City's public web municipal account portal	Internal Funding	All regions	Institutional		R 550,000	R 1,000,000	R 3,000,000
Financial Management	Financial Management	Revenue Enhar	Establishment of one stop service center (Barberton, White River, Hazyview)	Internal Funding	Souther Region , Eastern Region	Institutional		R 600,000	R 1,300,000	R 1,300,000
Financial Management	Financial Management	Financial Management	Implementation of intergrated asset management solution	Internal Funding	Institutional	Institutional	R 1,755,000	R 1,500,000		
Financial Management	Financial Management	Financial Management	Implementation of integrated supply chain management system	Internal Funding	Institutional	Institutional		R 1,500,000		
Financial Management	Financial Management	Financial Management	Implementation of intergrated inventory management system	Internal Funding	Institutional	Institutional				R 500,000

Financial Management	Financial Management	Financial Management	Implementation of intergrated contract management system	Internal Funding	Institutional	Institutional			R 1,000,000	
Financial Management	Financial Management	Revenue Enhar	Implementation of the integrated queing system in all service centres	Internal Funding	Institutional	Institutional				R 1,000,000
Financial Management	Financial Management	Revenue Enhar	Implementation of integrated traffic fines system	Internal Funding	Institutional	Institutional				
Financial Management	Financial Management	Revenue Enhar	Implementation of integrated land fill site/ weigh bridge system	Internal Funding	Institutional	Institutional				
Financial Management	Financial Management	Financial Management	Implementation of intergrated online clearance application system	Internal Funding	Institutional	Institutional			R 500,000	
Financial Management	Financial Management	Revenue Enhar	Implementation of pre-paid vending online portal system	Internal Funding	Institutional	Institutional				R 1,000,000
Financial Management	Financial Management	Revenue Enhar	Implementation of integrated sundry revenue systems (Community services)	Internal Funding	Institutional	Institutional				R 590,000
Financial Management	Financial Management	Revenue Enhar	Implementation of self help kiosks in all service centres	Internal Funding	Institutional	Institutional				R 605,000
Financial Management	Financial Management	Financial Management	Implementation of end to end debt collection solution	Internal Funding	Institutional	Institutional				R 500,000
Financial Management	Financial Management	Financial Management	Implementation of seamless intergrated indingent management system	Internal Funding	Institutional	Institutional				R 400,000
Financial Management	Financial Management	Financial Management	Implementation of suppliers and creditors payment document tracking work flow system	Internal Funding	Institutional	Institutional			R 1,200,000	
Public Safety	Public Safety	Good governance and institutional development	Establishment of Security War Room	Internal Funding	Institutional	Institutional		R 1,000,000	R 2,000,000	
Public Safety	Public Safety	Good governance and institutional development	Purchase of Quade Bikes	Internal Funding	Institutional	Institutional		R 150,000	R 200,000	
Public Safety	Public Safety	Good governance and institutional development	Upgrade of VTS equipment	Internal Funding	Institutional	Institutional		R 300,000	R 250,000	R 300,000
Public Safety	Public Safety	Good governance and institutional development	Instalation of Uninterrupted Power Supply Equipments	Internal Funding	Institutional	Institutional		R 120,000		
Public Safety	Public Safety	Good governance and institutional development	Purchase of Traffic Light Controllers	Internal Funding	Institutional	Institutional		R 400,000	R 450,000	R 500,000
Public Safety	Public Safety	Good governance and institutional development	Purchase of Firearm Safes	Internal Funding	Institutional	Institutional		R 500,000	R 300,000	
Public Safety	Public Safety	Good governance and institutional development	Purchase of Road Marking Machine	Internal Funding	Institutional	Institutional				R 3,800,000

Public Safety	Public Safety	Good governance and institutional development	Purchase of Bullet Proof Vests	Internal Funding	Institutional	Institutional			R 220,000	
Public Safety	Public Safety	Good governance and institutional development	Purchase of Fire Equipment	Internal Funding	Institutional	Institutional		R 150,000		
Public Safety	Public Safety	Good governance and institutional development	Purchase of Self Contained Breathing Apparatus	Internal Funding	Institutional	Institutional		R 150,000		
Public Safety	Public Safety	Good governance and institutional development	Purchase of Collapsable Structures	Internal Funding	Institutional	Institutional		R 150,000		
Public Safety	Public Safety	Good governance and institutional development	Purchase of Disaster Management Equipment	Internal Funding	Institutional	Institutional		R 100,944		
Public Safety	Public Safety	Good governance and institutional development	Purchase of Fire Gear	Internal Funding	Institutional	Institutional			R 236,180	R 128,195
Public Safety	Public Safety	Good governance and institutional development	Purchase of Vehicles fitted with ANPR System	Internal Funding	Institutional	Institutional		R 799,839	R 999,798	R 1,251,833
Deputy Municipal Manager	Deputy Municipal Manager Auxiliary Services	Water Supply	SCW 1701 Upgrade of Water Infrastructure as per Water Masterplan	Service Contributions	Central Region	14, 15, 16, 17	R 900,000	R 2,000,000	R 2,500,000	R 3,000,000
Deputy Municipal Manager	Deputy Municipal Manager Auxlliary Services	Water Supply	SCS 1701Upgrade of Sewer Infrastructure as per Sanitation Masterplan	Service Contributions	Central Region	14, 15, 16, 18	R 4,522,479	R 2,000,000	R 2,500,000	R 3,050,000
Community Services	Public Works, Roads and Transport	Waste and Environment Management	Ablution and Change Room Facilities	Internal Funding	Hazyview Mbombela	1, 14	R 100,000	R 2,511,799	R 4,139,749	R -
Community Services	Financial Management	Waste and Environment Management	Solid Waste Management Fleet	Internal Funding	Institutional	All	R 4,000,000	R -	R -	R 7,061,560
Community Services	Community Services	Community Development	Procurement of Play Park Equipment and small repairs to play equipment	Internal Funding	Southern Region, Central Region, Eastern Region, Northern Region,	1,15,30,7,27,42	R0	R 700,000	R 742,000	R 786,520
Community Services	Community Services	Community Development	Purchase of Lawnmowers and Brush Cutters	Internal Funding	Southern Region, Central Region, Eastern Region, Northern Region,	1,15,30,7,27,42	R 580,000	R 600,000	R 636,000	R 674,160
Community Services	Community Services	Community Development	Upgrade of Ablution Parks Facilities	Internal Funding	Southern Region, Central Region, Eastern Region, Northern Region,	1,15,30,7,27,42	R 1,000,000	R 1,007,880	R 2,088,850	R 1,646,743
Community Services	Community Services	Community Development	Refurbishment of community halls	Internal Funding	Nelsville	17	R -	R 900,000	R 1,000,000	R 1,500,000
Community Services	Community Services	Community Development	Purchase of chairs & tables for community halls	Internal Funding	Institutional	Institutional	R -	R 350,000	R 400,000	R 450,000
Community Services	Financial Management	Community Development	Purchase of vehicles for Arts & Culture	Internal Funding	Institutional	Institutional	R -	R 800,000	R 850,000	R 900,000
Community Services	Community Services	Community Development	Moving of Louwscreek library	Internal Funding	Institutional	Institutional	R -	R 200,000		
Community Services	Community Services	Community Development	Purchasing of vehicles for library section	Internal Funding	Institutional	Institutional	R -	R 550,000	R 350,000	
Community Services	Community Services	Community Development	Installation of 18 Aircondotioners in 4 libraries	Internal Funding	Institutional	Institutional	R 300,000	R 800,000	R -	R -
Community Services	Community Services	Community Development	Purchase of vehicles for Sports Development	Internal Funding	Institutional	Institutional	R -	R 900,000	R 1,500,000	R 1,700,000
Regional Service Centres	Regional Service Centres	Good governance and institutional development	Purchase of Office Furniture	Internal Funding	Southern Region	42		R 50,000	R 49,000	R 53,900
Regional Service Centres	Regional Service Centres	Good governance and institutional development	Renovation of Customer Care Unit(partitioning)	Internal Funding	Southern Region	42		R 100,000	R 55,000	R 60,500
Regional Service Centres	Regional Service Centres	Good governance and institutional development	Replacement of VOIP System	Internal Funding	Southern Region	42		R 300,000	R 330,000	R 363,000
Regional Service Centres	Regional Service Centres	Good governance and institutional development	Office furniture and Council Chamber furniture	Internal Funding	Central Region	21		R 500,000	R 600,000	R 600,000
Regional Service Centres	Regional Service Centres	Good governance and institutional development	Purchase of 2 Overhead Projectors	Internal Funding	Central Region	16.21		R 50,000	R 60,000	R 60,000
Municipal Manager	Municipal Manager	Good governance and institutional development	Feasibility Studies for International Convention Centre	Internal Funding	Institutional	Institutional	R 8,500,000	R 6,347,306	R 5,061,580	R 5,353,889
Public Works and Transport	Public Works and Transport	Public Transport	Kaapsehoop Road Widening Phase 2	PTN Grant	West Acress	14.16	R 13,000,000	R 13,100,000	R -	R -
Public Works and Transport	Public Works and Transport	Public Transport	Kanyamazane: PT Transfer Station Facility	PTN Grant	Kanyamazane	20	R 11,000,000	R 15,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Matsulu: PT Transfer Station Facility	PTN Grant	Matsulu	27.28	R 2,000,000	R 1,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	R40 Central Section: Gantries, CCTV, Signage, Covered Laybyes	PTN Grant	CBD	14	R -	R 4,000,000	R 8,000,000	R 9,000,000
Public Works and Transport	Public Works and Transport	Public Transport	Legogote Public Transport Facility	PTN Grant	Legogote / Swalala	6	R 10,000,000	R 15,000,000	R 21,000,000	R -
Public Works and Transport	Public Works and Transport	Public Transport	Kabokweni Public Transport Facility	PTN Grant	Kabokweni	33	R 2,000,000	R 1,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Upgrade of Rail Bridge Over Freidenhiem Road	PTN Grant	CBD	14	R -	R 10,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Bosch Street Interchange	PTN Grant	CBD	14	R 1,000,000	R 4,454,000	R 2,078,238	

Public Works and Transport	Public Works and Transport	Public Transport	Lehawu Public Transport Facility	PTN Grant	Lehawe		R 2,000,000	R 500,000		
Public Works and Transport	Public Works and Transport	Public Transport	Hazyview Public Transport Facilities	PTN Grant	Hazyview		R 1,000,000	R 5,000,000		R -
Public Works and Transport	Public Works and Transport	Public Transport	Secondary PT Stops Hazyview - Legogote	PTN Grant	Hazyview		R 10,000,000	R 9,715,858		R -
Public Works and Transport	Public Works and Transport	Public Transport	Secondary PT Stops Riverside	PTN Grant	Riverside		R 10,000,000	R 8,000,000	R -	R -
Public Works and Transport	Public Works and Transport	Public Transport	Upgrade of D725 University Precinct	PTN Grant	Riverside		R 6,000,000	R 13,500,000		R -
Public Works and Transport	Public Works and Transport	Public Transport	Univerity Public Transport Precinct (R40 / D725 Interchange)	PTN Grant	Riverside		R 6,000,000	R 9,000,000	R 15,621,523	R 35,872,452
Public Works and Transport	Public Works and Transport	Public Transport	Secondary PT Stops Southern Region	PTN Grant	Barberton		R -	R 1,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Southern Region PT Rank	PTN Grant	Barberton		R -	R 1,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Upgrade of Feeder Routes	PTN Grant	Hazyview		R -	R 5,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Nelspruit PT Hub: Phase 3	PTN Grant	Nelspruit		R -	R 6,000,000		R -
Public Works and Transport	Public Works and Transport	Public Transport	White River PT Facility	PTN Grant	White River		R -	R 1,000,000		
Public Works and Transport	Public Works and Transport	Public Transport	Dr Enos Mabuza Widening to Johana Drive	PTN Grant	Nelspruit		R -	R 9,008,212		R -
Public Works and Transport	Public Works and Transport	Public Transport	NMT and Pedestrain Safety Projects	PTN Grant	Nelspruit		R 3,500,000	R 3,000,000	R 5,400,000	R 10,000,000
TOTAL APPROVED CAPITAL							**R 362,514,412**	**R 607,133,895**	**R 570,027,127**	**R 640,864,935**

1.7 ANNUAL BUDGET TABLES – PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the City's 2017/2018 budget and

MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

MP326 City of Mbombela - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	–	–	–	427,805	403,218	403,218	403,218	513,667	561,354	592,790
Service charges	–	–	–	1,145,387	1,029,440	1,029,440	1,029,440	1,178,526	1,281,973	1,378,490
Investment revenue	–	–	–	9,735	7,682	7,682	7,682	8,946	9,840	10,824
Transfers recognised - operational	–	–	–	707,415	475,524	475,524	475,524	695,668	743,053	800,086
Other own revenue	–	–	–	335,086	294,248	294,248	294,248	337,271	347,454	358,891
Total Revenue (excluding capital transfers and contributions)	–	–	–	2,625,428	2,210,112	2,210,112	2,210,112	2,734,077	2,943,674	3,141,081
Employee costs	–	–	–	664,987	616,263	616,263	616,263	731,161	795,751	864,904
Remuneration of councillors	–	–	–	38,920	33,466	33,466	33,466	39,598	41,855	44,199
Depreciation & asset impairment	–	–	–	257,872	219,424	219,424	219,424	260,361	269,123	279,538
Finance charges	–	–	–	47,393	30,720	30,720	30,720	25,770	23,467	21,310
Materials and bulk purchases	–	–	–	691,956	571,534	571,534	571,534	695,779	750,556	809,000
Transfers and grants	–	–	–	188,453	34,020	34,020	34,020	37,196	35,208	37,743
Other expenditure	–	–	–	786,014	898,064	898,064	898,064	892,993	964,927	1,015,157
Total Expenditure	–	–	–	2,675,595	2,403,491	2,403,491	2,403,491	2,682,858	2,880,887	3,071,850
Surplus/(Deficit)	–	–	–	(50,167)	(193,379)	(193,379)	(193,379)	51,219	62,787	69,230
Transfers and subsidies - capital (monetary alloc	–	–	–	581,285	710,063	710,063	710,063	597,302	541,768	591,343
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	531,118	516,684	516,684	516,684	648,521	604,555	660,574
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	531,118	516,684	516,684	516,684	648,521	604,555	660,574
Capital expenditure & funds sources										
Capital expenditure	–	–	–	751,719	741,424	741,424	741,424	607,134	570,027	640,865
Transfers recognised - capital	–	–	–	605,106	604,286	604,286	604,286	515,929	466,719	509,681
Public contributions & donations	–	–	–	10,423	6,422	6,422	6,422	8,759	5,000	6,050
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	136,190	130,716	130,716	130,716	82,446	98,308	125,134
Total sources of capital funds	–	–	–	751,719	741,424	741,424	741,424	607,134	570,027	640,865
Financial position										
Total current assets	–	–	–	509,832	592,765	554,704	554,704	650,363	901,215	1,316,982
Total non current assets	–	–	–	6,027,115	6,027,115	7,512,094	7,512,094	7,815,439	8,066,709	8,365,340
Total current liabilities	–	–	–	560,967	510,970	542,793	542,793	525,648	544,899	561,201
Total non current liabilities	–	–	–	640,843	640,843	578,927	578,927	561,477	542,872	528,684
Community wealth/Equity	–	–	–	5,335,137	5,468,067	6,945,078	6,945,078	7,378,677	7,880,152	8,592,437
Cash flows										
Net cash from (used) operating	–	–	–	824,758	890,634	890,634	890,634	370,223	474,514	694,627
Net cash from (used) investing	–	–	–	(727,898)	(741,424)	(741,424)	(741,424)	(267,242)	(215,649)	(272,285)
Net cash from (used) financing	–	–	–	(22,362)	(22,362)	(22,362)	(22,362)	(20,410)	(21,596)	(17,209)
Cash/cash equivalents at the year end	–	–	–	247,330	193,654	127,296	127,296	209,867	447,137	852,269
Cash backing/surplus reconciliation										
Cash and investments available	–	–	–	265,228	211,552	146,464	146,464	230,376	469,082	875,750
Application of cash and investments	–	–	–	156,312	(18,654)	59,542	59,542	34,053	26,207	39,877
Balance - surplus (shortfall)	–	–	–	108,916	230,205	86,922	86,922	196,323	442,875	835,873
Asset management										
Asset register summary (WDV)	–	–	–	6,009,218	6,009,218	6,009,218	7,794,930	7,794,930	8,044,764	8,341,859
Depreciation	–	–	–	257,872	219,424	219,424	260,361	260,361	269,123	279,538
Renewal of Existing Assets	–	–	–	445,527	361,326	361,326	361,326	436,463	404,861	388,185
Repairs and Maintenance	–	–	–	230,100	230,100	230,100	267,445	267,445	313,585	368,797
Free services										
Cost of Free Basic Services provided	–	–	–	136,849	136,849	136,849	37,196	37,196	34,004	35,275
Revenue cost of free services provided	–	–	–	404,454	404,454	404,454	412,354	412,354	444,967	480,138
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	179	179	179	179	179	179	180

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the City's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

    (a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    (b) Capital expenditure is balanced by capital funding sources, of which;

        (i) Transfers recognized are reflected on the Financial Performance Budget;
        (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
        (iii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the City's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.

5. The section of Free Services shows that the amount spent on Free Basic Services by the City continues to increase whiles the revenue cost continues to decrease for the MTREF.

MP326 City of Mbombela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
Governance and administration		–	–	–	1,096,330	963,115	963,115	1,224,006	1,306,677	1,374,115
Executive and council		–	–	–	4,069	4,069	4,069	8,733	9,607	10,568
Finance and administration		–	–	–	1,092,261	959,046	959,046	1,215,273	1,297,070	1,363,547
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	41,467	27,891	27,891	206,589	227,006	248,925
Community and social services		–	–	–	2,612	2,612	2,612	1,506	1,656	1,822
Sport and recreation		–	–	–	13,098	5,039	5,039	11,471	12,618	13,880
Public safety		–	–	–	25,757	20,239	20,239	193,613	212,732	233,224
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	574,355	576,300	576,300	633,584	579,897	688,711
Planning and development		–	–	–	13,567	10,993	10,993	392,984	427,665	450,273
Road transport		–	–	–	560,788	565,307	565,307	240,599	152,231	238,439
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	1,337,890	1,196,631	1,196,631	1,267,201	1,371,863	1,420,673
Energy sources		–	–	–	943,967	841,066	841,066	979,153	1,062,069	1,084,076
Water management		–	–	–	257,527	241,444	241,444	137,265	145,276	159,044
Waste water management		–	–	–	25,486	23,950	23,950	41,274	44,499	48,025
Waste management		–	–	–	110,911	90,170	90,170	109,509	120,018	129,528
Other	4	–	–	–	156,670	156,239	156,239	–	–	–
Total Revenue - Functional	2	–	–	–	3,206,713	2,920,175	2,920,175	3,331,380	3,485,442	3,732,424
Expenditure - Functional										
Governance and administration		–	–	–	629,470	645,420	645,420	693,229	726,729	768,481
Executive and council		–	–	–	252,371	244,834	244,834	212,293	214,830	226,802
Finance and administration		–	–	–	377,099	400,586	400,586	474,485	505,056	534,448
Internal audit		–	–	–	–	–	–	6,451	6,843	7,231
Community and public safety		–	–	–	346,914	349,865	349,865	270,110	274,332	278,562
Community and social services		–	–	–	70,342	70,342	70,342	46,417	51,677	55,252
Sport and recreation		–	–	–	138,834	138,834	138,834	175,781	171,801	169,425
Public safety		–	–	–	119,871	122,822	122,822	35,368	37,600	39,900
Housing		–	–	–	17,867	17,867	17,867	12,544	13,255	13,985
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	501,072	354,300	354,300	312,049	374,680	425,313
Planning and development		–	–	–	47,922	44,035	44,035	140,972	148,642	160,116
Road transport		–	–	–	450,154	307,127	307,127	171,077	226,038	265,197
Environmental protection		–	–	–	2,996	3,137	3,137	–	–	–
Trading services		–	–	–	1,193,104	1,048,871	1,048,871	1,296,335	1,385,951	1,472,707
Energy sources		–	–	–	713,873	571,941	571,941	763,697	817,361	868,544
Water management		–	–	–	261,547	259,247	259,247	288,225	307,938	329,586
Waste water management		–	–	–	34,001	34,001	34,001	73,276	77,817	81,542
Waste management		–	–	–	183,682	183,682	183,682	171,138	182,835	193,034
Other	4	–	–	–	5,035	5,035	5,035	111,136	119,195	126,787
Total Expenditure - Functional	3	–	–	–	2,675,595	2,403,491	2,403,491	2,682,858	2,880,887	3,071,850
Surplus/(Deficit) for the year		–	–	–	531,118	516,684	516,684	648,521	604,555	660,574

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and it does balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the City will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

MP326 City of Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - COUNCIL		–	–	–	4,037	3,988	3,988	4,188	4,397	4,617
Vote 2 - OFFICE OF COUNCIL		–	–	–	8	533	533	559	587	616
Vote 3 - MUNICIPAL MANAGER		–	–	–	17,272	11,627	11,627	12,481	13,105	13,760
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		–	–	–	11,351	10,079	10,079	14,309	14,968	15,128
Vote 5 - CORPORATE SERVICES DEPARTMENT		–	–	–	1,824	604	604	704	739	776
Vote 6 - STRATEGIC MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–
Vote 7 - FINANCIAL MANAGEMENT		–	–	–	1,142,625	1,082,316	1,082,316	1,111,343	1,166,911	1,225,256
Vote 8 - LEGAL SERVICES		–	–	–	–	–	–	–	–	–
Vote 9 - REGIONAL CENTRE COORDINATION		–	–	–	–	–	–	–	–	–
Vote 10 - COMMUNITY SERVICES		–	–	–	128,081	118,787	118,787	124,726	130,963	137,511
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		–	–	–	496,412	561,531	561,531	851,077	881,181	998,539
Vote 12 - PUBLIC SAFETY		–	–	–	204,015	193,830	193,830	228,250	239,663	251,646
Vote 13 - WATER AND SANITATION		–	–	–	251,328	259,312	259,312	272,294	285,909	300,205
Vote 14 - ENERGY		–	–	–	949,759	677,569	677,569	711,447	747,019	784,370
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**–**	**–**	**–**	**3,206,713**	**2,920,175**	**2,920,175**	**3,331,380**	**3,485,442**	**3,732,424**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - COUNCIL		–	–	–	72,655	74,604	74,604	78,334	82,251	86,363
Vote 2 - OFFICE OF COUNCIL		–	–	–	19,657	13,811	13,811	15,976	16,774	17,613
Vote 3 - MUNICIPAL MANAGER		–	–	–	111,762	131,661	131,661	138,244	145,156	152,414
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		–	–	–	80,641	88,114	88,114	96,320	101,136	106,193
Vote 5 - CORPORATE SERVICES DEPARTMENT		–	–	–	186,935	182,824	182,824	191,966	201,564	211,642
Vote 6 - STRATEGIC MANAGEMENT SERVICES		–	–	–	23,582	23,930	23,930	25,126	26,382	27,702
Vote 7 - FINANCIAL MANAGEMENT		–	–	–	221,954	228,790	228,790	240,230	252,241	264,853
Vote 8 - LEGAL SERVICES		–	–	–	2,357	2,757	2,757	2,894	3,039	3,191
Vote 9 - REGIONAL CENTRE COORDINATION		–	–	–	6,876	6,876	6,876	7,220	7,581	7,960
Vote 10 - COMMUNITY SERVICES		–	–	–	407,026	397,201	397,201	417,061	437,914	459,809
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		–	–	–	244,129	179,762	179,762	188,750	198,188	208,097
Vote 12 - PUBLIC SAFETY		–	–	–	234,600	232,780	232,780	200,032	253,250	293,261
Vote 13 - WATER AND SANITATION		–	–	–	307,577	314,239	314,239	329,951	346,448	363,771
Vote 14 - ENERGY		–	–	–	755,845	526,142	526,142	750,755	808,963	868,981
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**–**	**–**	**–**	**2,675,595**	**2,403,491**	**2,403,491**	**2,682,858**	**2,880,887**	**3,071,850**
Surplus/(Deficit) for the year	2	**–**	**–**	**–**	**531,118**	**516,684**	**516,684**	**648,521**	**604,555**	**660,574**

Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	–	–	–	427,805	403,218	403,218	403,218	513,667	561,354	592,790
Service charges - electricity revenue	2	–	–	–	933,229	841,302	841,302	841,302	941,132	1,024,045	1,100,126
Service charges - water revenue	2	–	–	–	91,244	74,544	74,544	74,544	96,812	104,377	112,647
Service charges - sanitation revenue	2	–	–	–	20,565	23,683	23,683	23,683	29,581	31,892	34,419
Service charges - refuse revenue	2	–	–	–	100,348	89,911	89,911	89,911	111,002	121,659	131,298
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	28,855	18,185	18,185	18,185	22,876	25,163	27,680
Interest earned - external investments		–	–	–	9,735	7,682	7,682	7,682	8,946	9,840	10,824
Interest earned - outstanding debtors		–	–	–	13,690	19,650	19,650	19,650	26,235	28,859	31,745
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	32,740	24,301	24,301	24,301	29,944	32,938	36,232
Licences and permits		–	–	–	4,734	4,207	4,207	4,207	4,924	5,417	5,959
Agency services		–	–	–	172,797	154,902	154,902	154,902	189,601	208,561	229,418
Transfers and subsidies		–	–	–	707,415	475,524	475,524	475,524	695,668	743,053	800,086
Other revenue	2	–	–	–	82,271	72,685	72,685	72,685	63,690	46,515	27,858
Gains on disposal of PPE		–	–	–	–	318	318	318	–	–	–
Total Revenue (excluding capital transfers and contributions)		**–**	**–**	**–**	**2,625,428**	**2,210,112**	**2,210,112**	**2,210,112**	**2,734,077**	**2,943,674**	**3,141,081**
Expenditure By Type											
Employee related costs	2	–	–	–	664,987	616,263	616,263	616,263	731,161	795,751	864,904
Remuneration of councillors		–	–	–	38,920	33,466	33,466	33,466	39,598	41,855	44,199
Debt impairment	3	–	–	–	96,169	81,288	81,288	81,288	57,987	61,861	47,576
Depreciation & asset impairment	2	–	–	–	257,872	219,424	219,424	219,424	260,361	269,123	279,538
Finance charges					47,393	30,720	30,720	30,720	25,770	23,467	21,310
Bulk purchases	2	–	–	–	640,974	517,378	517,378	517,378	640,935	692,243	747,407
Other materials	8				50,982	54,156	54,156	54,156	54,844	58,313	61,593
Contracted services		–	–	–	406,903	548,209	548,209	548,209	442,303	465,524	486,705
Transfers and subsidies		–	–	–	188,453	34,020	34,020	34,020	37,196	35,208	37,743
Other expenditure	4, 5	–	–	–	282,941	268,568	268,568	268,568	392,703	437,542	480,876
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**–**	**–**	**–**	**2,675,595**	**2,403,491**	**2,403,491**	**2,403,491**	**2,682,858**	**2,880,887**	**3,071,850**
Surplus/(Deficit)		**–**	**–**	**–**	**(50,167)**	**(193,379)**	**(193,379)**	**(193,379)**	**51,219**	**62,787**	**69,230**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	581,285	710,063	710,063	710,063	597,302	541,768	591,343
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**–**	**–**	**–**	**531,118**	**516,684**	**516,684**	**516,684**	**648,521**	**604,555**	**660,574**
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		**–**	**–**	**–**	**531,118**	**516,684**	**516,684**	**516,684**	**648,521**	**604,555**	**660,574**
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**–**	**–**	**–**	**531,118**	**516,684**	**516,684**	**516,684**	**648,521**	**604,555**	**660,574**
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		**–**	**–**	**–**	**531,118**	**516,684**	**516,684**	**516,684**	**648,521**	**604,555**	**660,574**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

The City will receive significant portion of its revenue from service charge (electricity, water, sewerage and refuse removal services) amounting to R1 179 billion indicating an increase of R149 million (14 per cent) from R1 029 billion in 2016/2017 financial year and increases to R1 378 billion over the medium-term. The revenue from service charges makes up 43 per cent of the total operating revenue budget.

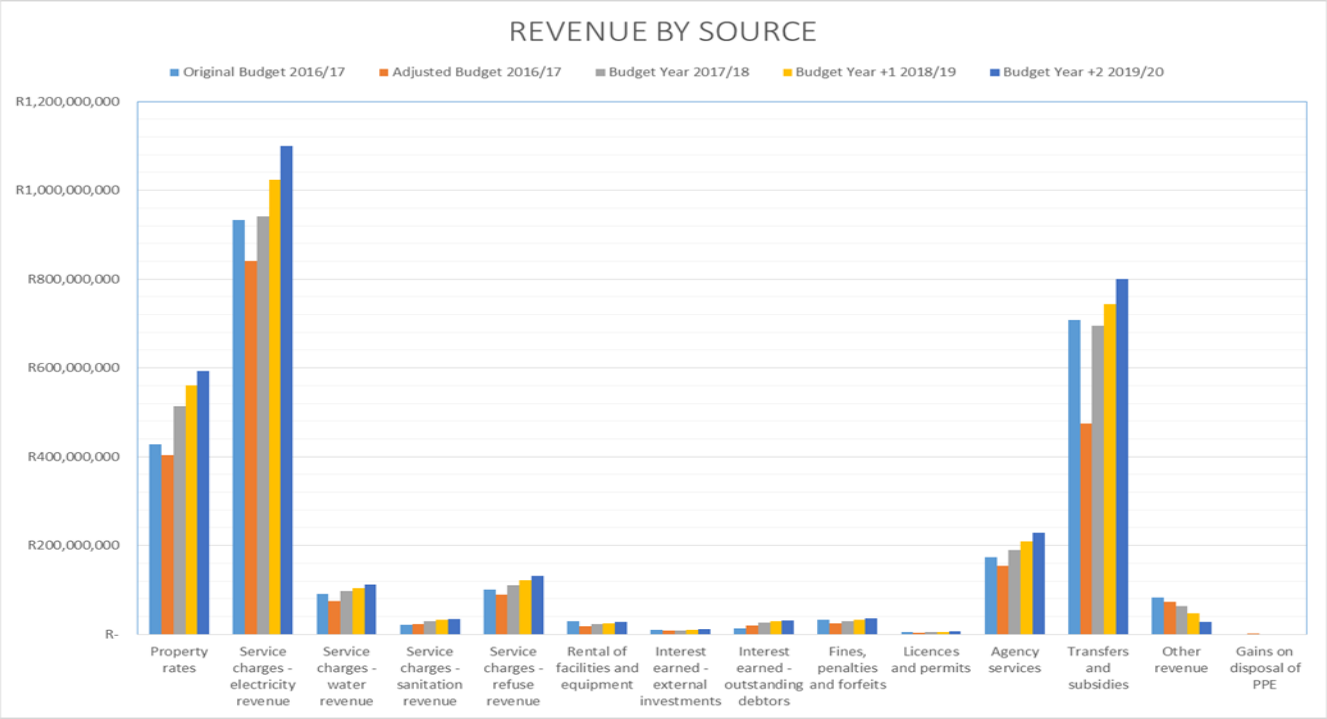
The revenue from electricity service charge remains the main source of revenue for the City at R941 million and makes up 34 per cent of the total operating revenue budget and other service charge contributes 9 per cent.

The revenue from property rates will amount to R514 million after taking into account property rates revenue forgone which is rates exemptions and rebates granted in terms of the rates policy amounting to R201 million in 2017/2018 financial year and increases to R593 million over the medium-term. The property rates revenue contributes about 19 percent of the total operating revenue budget.

Operating grants allocation comprising of equitable share and other small grants contributes 25 per cent to the total operating revenue budget and will amount to R 696 million in 2017/2018 financial year and increases to R800 million over the medium-term

The other revenue amounts to R337 million indicating an increase of R43 million (15 per cent) from the budget amount of R294 million for the 2016/2017 financial year. The other revenue comprises of revenue from agency fees of R190 million, interest from outstanding debtors and investments of R35 million, rental of municipal properties and facilities of R23 million and sundry income of R63 million. The other revenue contributes about 13 percent of the total operating revenue budget.

In conclusion, the graphic illustration the main revenue streams of the City is as follows;



The employees' remuneration cost will amount to R771 million in 2017/2018 financial year due to an annual increase of 7,36 per cent for employees related cost and 6,4 per cent for remuneration of councilors. The remuneration cost to the total operating expenditure budget is 29 per cent. The employees remuneration cost will increase to R838 million in 2018/2019 financial year and the expenditure to the total operating budget will be 29 per cent as well.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R641 million due to an average increase of 0,31 per cent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2017 and bulk water increase of 8,1 per cent. The bulk purchase expenditure make up 24 per cent of the total operating expenditure budget.

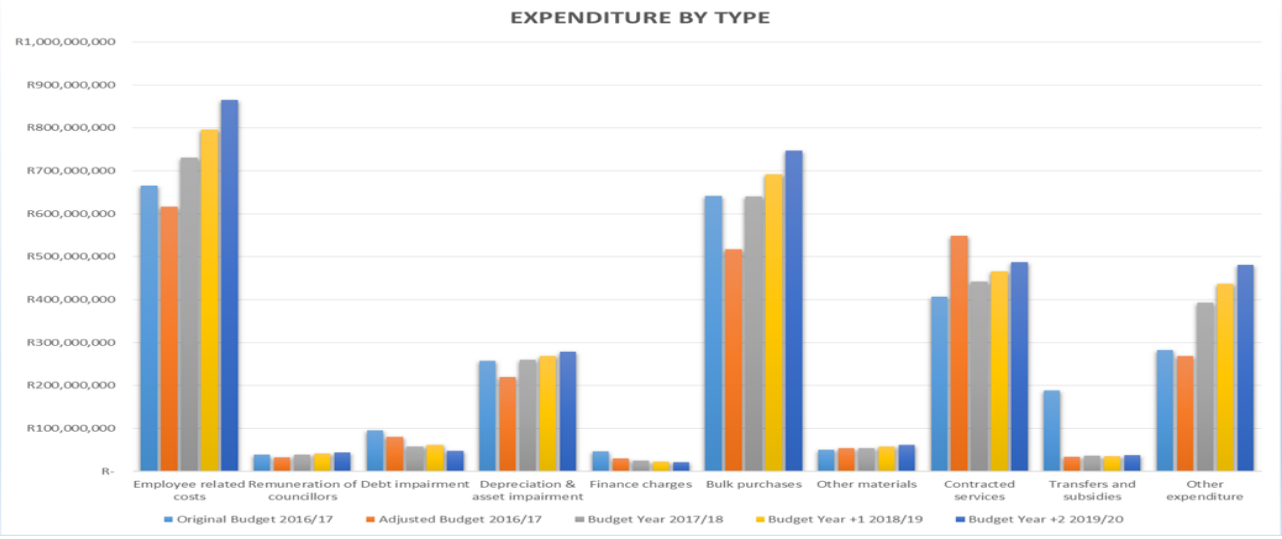
The depreciation cost will be R260 million and contributes 10 per cent of the total operating expenditure and is about 3 percent of the total assets carrying value of R7 439 billion. The depreciation costs represent the rate at which the assets of the City are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The cost curtailment measures has been applied in line with the National Government directives on contracted and other expenditure. The cost curtailment will result in reprioritization and reducing the expenditure by R54 million (6 per cent) in 2017/2018. The contracted services and expenditure makes up 30 per cent of the total operating expenditure budget.

Included on this expenditure items is IDP operating projects amounting to R101 million in 2017/2018 financial year and increase to R146 million in 2019/2020 financial year. The breakdown of the total expenditure for operating projects per municipal priorities is as tabulated below, detailed list of operating projects is attached as **Annexure 64/17;**

The City has allocated an amount of R37 million in the 2017/2018 financial year for provision of free basic services. The free basic services will be provided in accordance with the criteria set on the indigent policy of the City.

In conclusion, the graphic illustration the main expenditure by type streams of the City is as follows;



MP326 City of Mbombela - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 3 - MUNICIPAL MANAGER		–	–	–	21,218	18,531	18,531	18,531	10,347	10,062	11,404
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		–	–	–	51,424	52,505	52,505	52,505	43,143	64,550	70,586
Vote 5 - CORPORATE SERVICES DEPARTMENT		–	–	–	7,900	18,222	18,222	18,222	4,700	6,100	7,200
Vote 6 - STRATEGIC MANAGEMENT SERVICES		–	–	–	513	–	–	–	965	1,000	500
Vote 7 - FINANCIAL MANAGEMENT		–	–	–	11,324	19,672	19,672	19,672	1,650	2,900	4,300
Vote 8 - LEGAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 9 - REGIONAL CENTRE COORDINATION		–	–	–	–	–	–	–	1,000	1,094	1,137
Vote 10 - COMMUNITY SERVICES		–	–	–	15,441	7,134	7,134	7,134	9,320	11,707	14,719
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		–	–	–	197,680	312,522	312,522	312,522	362,071	237,249	283,339
Vote 12 - PUBLIC SAFETY		–	–	–	15,070	3,183	3,183	3,183	3,240	4,436	2,180
Vote 13 - WATER AND SANITATION		–	–	–	263,486	129,887	129,887	129,887	113,206	122,865	143,978
Vote 14 - ENERGY		–	–	–	11,844	24,502	24,502	24,502	23,467	40,608	59,627
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**595,901**	**586,157**	**586,157**	**586,157**	**573,109**	**502,570**	**598,970**
Single-year expenditure *to be appropriated*	2										
Vote 1 - COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF COUNCIL		–	–	–	2	26	26	26	–	–	–
Vote 3 - MUNICIPAL MANAGER		–	–	–	500	500	500	500	–	–	–
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		–	–	–	–	–	–	–	5,000	–	–
Vote 5 - CORPORATE SERVICES DEPARTMENT		–	–	–	69	269	269	269	2,000	–	–
Vote 6 - STRATEGIC MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 7 - FINANCIAL MANAGEMENT		–	–	–	674	671	671	671	3,300	3,500	4,595
Vote 8 - LEGAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 9 - REGIONAL CENTRE COORDINATION		–	–	–	–	–	–	–	–	–	–
Vote 10 - COMMUNITY SERVICES		–	–	–	–	80	80	80	–	–	–
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		–	–	–	111,956	112,751	112,751	112,751	5,388	20,937	500
Vote 12 - PUBLIC SAFETY		–	–	–	2,420	2,422	2,422	2,422	581	220	3,800
Vote 13 - WATER AND SANITATION		–	–	–	24,500	23,850	23,850	23,850	3,956	42,800	33,000
Vote 14 - ENERGY		–	–	–	15,698	14,698	14,698	14,698	13,800	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**–**	**155,819**	**155,267**	**155,267**	**155,267**	**34,025**	**67,457**	**41,895**
Total Capital Expenditure - Vote		**–**	**–**	**–**	**751,719**	**741,424**	**741,424**	**741,424**	**607,134**	**570,027**	**640,865**
Capital Expenditure - Functional											
Governance and administration		**–**	**–**	**–**	**29,411**	**57,212**	**57,212**	**57,212**	**39,128**	**33,873**	**35,195**
Executive and council					9,468	19,057	19,057	19,057	10,347	11,162	11,404
Finance and administration					19,943	38,155	38,155	38,155	28,780	22,712	23,791
Internal audit					–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**–**	**31,107**	**23,614**	**23,614**	**23,614**	**34,269**	**21,804**	**21,433**
Community and social services					9,091	7,985	7,985	7,985	19,288	6,406	6,166
Sport and recreation					10,026	10,026	10,026	10,026	8,971	8,242	6,487
Public safety					9,990	5,603	5,603	5,603	3,821	4,656	5,980
Housing					2,000	–	–	–	2,190	2,500	2,800
Health					–	–	–	–	–	–	–
Economic and environmental services		**–**	**–**	**–**	**348,437**	**292,422**	**292,422**	**292,422**	**329,303**	**245,169**	**244,061**
Planning and development					14,689	14,835	14,835	14,835	40,106	60,750	65,566
Road transport					333,748	277,588	277,588	277,588	289,197	184,419	178,495
Environmental protection					–				–	–	–
Trading services		**–**	**–**	**–**	**342,505**	**367,916**	**367,916**	**367,916**	**204,434**	**269,180**	**340,175**
Energy sources					33,593	47,724	47,724	47,724	35,667	38,609	57,123
Water management					259,388	273,151	273,151	273,151	138,829	160,965	210,524
Waste water management					41,875	39,390	39,390	39,390	27,425	45,467	53,623
Waste management					7,650	7,650	7,650	7,650	2,512	24,140	18,905
Other					**260**	**260**	**260**	**260**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3	**–**	**–**	**–**	**751,719**	**741,424**	**741,424**	**741,424**	**607,134**	**570,027**	**640,865**
Funded by:											
National Government					605,106	580,026	580,026	580,026	515,929	466,719	509,681
Provincial Government						24,259	24,259	24,259	–	–	–
District Municipality						–	–	–	–	–	–
Other transfers and grants						–	–	–	–	–	–
Transfers recognised - capital	4	**–**	**–**	**–**	**605,106**	**604,286**	**604,286**	**604,286**	**515,929**	**466,719**	**509,681**
Public contributions & donations	5				10,423	6,422	6,422	6,422	8,759	5,000	6,050
Borrowing	6				–	–	–	–	–	–	–
Internally generated funds					136,190	130,716	130,716	130,716	82,446	98,308	125,134
Total Capital Funding	7	**–**	**–**	**–**	**751,719**	**741,424**	**741,424**	**741,424**	**607,134**	**570,027**	**640,865**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a City may approve multi-year or single-year capital budget appropriations. R607 million has been allocated for 2017/2018 shows a decrease of 18 per cent or R134 million from the 2016/2017 budget of R741 million and will then increase to R641 million over the medium term.

3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital program is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds the availability of internal reserves will depend largely on collection of outstanding debts. For 2017/2018, capital grants totals R516 million, decrease to R467 million by 2018/2019 and a further increase to R510 million by 2019/2020. No borrowing anticipated due to the dwindling economy in 2017/2018 with internally generated funding totaling R83 million, R98 million and R126 million for each of the respective financial years of the MTREF.

5. The allocation of the capital funding on projects was based on the municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).

6. The City will be spending in the next three years R1 401 billion (77 percent) of the total capital expenditure budget) on services infrastructure development to address backlogs.

MP326 City of Mbombela - Table A6 Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash					247,330	193,654	127,296	127,296	209,867	447,137	852,269
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	–	–	–	105,507	242,116	248,266	248,266	258,897	269,983	278,082
Other debtors					126,936	126,936	66,695	66,695	68,029	69,390	70,777
Current portion of long-term receivables									–	–	–
Inventory	2				30,058	30,058	112,446	112,446	113,570	114,706	115,853
Total current assets		**–**	**–**	**–**	**509,832**	**592,765**	**554,704**	**554,704**	**650,363**	**901,215**	**1,316,982**
Non current assets											
Long-term receivables					–	–	–	–	–	–	–
Investments					17,897	17,897	19,168	19,168	20,509	21,945	23,481
Investment property					187,234	187,234	343,684	343,684	343,684	343,684	343,684
Investment in Associate					–	–			–	–	–
Property, plant and equipment	3	–	–	–	5,816,015	5,816,015	7,143,386	7,143,386	7,438,890	7,689,218	7,986,788
Agricultural									–	–	–
Biological									–	–	–
Intangible					5,969	5,969	5,856	5,856	12,356	11,861	11,387
Other non-current assets									–	–	–
Total non current assets		**–**	**–**	**–**	**6,027,115**	**6,027,115**	**7,512,094**	**7,512,094**	**7,815,439**	**8,066,709**	**8,365,340**
TOTAL ASSETS		**–**	**–**	**–**	**6,536,947**	**6,619,880**	**8,066,798**	**8,066,798**	**8,465,802**	**8,967,924**	**9,682,322**
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	20,410	20,410	22,362	22,362	20,410	21,596	17,209
Consumer deposits					24,646	24,646	28,201	28,201	28,483	28,768	29,056
Trade and other payables	4	–	–	–	505,826	455,829	483,086	483,086	467,518	485,206	505,514
Provisions					10,085	10,085	9,145	9,145	9,237	9,329	9,422
Total current liabilities		**–**	**–**	**–**	**560,967**	**510,970**	**542,793**	**542,793**	**525,648**	**544,899**	**561,201**
Non current liabilities											
Borrowing		–	–	–	287,233	287,233	282,781	282,781	262,371	240,775	223,565
Provisions		–	–	–	353,610	353,610	296,145	296,145	299,107	302,098	305,119
Total non current liabilities		**–**	**–**	**–**	**640,843**	**640,843**	**578,927**	**578,927**	**561,477**	**542,872**	**528,684**
TOTAL LIABILITIES		**–**	**–**	**–**	**1,201,810**	**1,151,813**	**1,121,720**	**1,121,720**	**1,087,125**	**1,087,772**	**1,089,886**
NET ASSETS	5	**–**	**–**	**–**	**5,335,137**	**5,468,067**	**6,945,078**	**6,945,078**	**7,378,677**	**7,880,152**	**8,592,437**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)					5,335,137	5,468,067	6,945,078	6,945,078	7,378,677	7,880,152	8,592,437
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**–**	**–**	**–**	**5,335,137**	**5,468,067**	**6,945,078**	**6,945,078**	**7,378,677**	**7,880,152**	**8,592,437**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the City belong to the community.

MP326 City of Mbombela - Table A7 Budgeted Cash Flows											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					427,805	427,805	427,805	427,805	493,120	538,900	580,934
Service charges					1,110,812	947,867	947,867	947,867	1,160,748	1,262,608	1,363,229
Other revenue					288,656	250,297	250,297	250,297	296,621	318,595	327,146
Government - operating	1				707,415	475,524	475,524	475,524	695,668	743,053	800,086
Government - capital	1				581,285	710,063	710,063	710,063	597,302	541,768	591,343
Interest					23,425	27,332	27,332	27,332	29,934	32,927	37,807
Dividends					–	–			–	–	–
Payments											
Suppliers and employees					(2,085,707)	(1,883,513)	(1,883,513)	(1,883,513)	(2,840,203)	(2,904,662)	(2,946,865)
Finance charges					(47,393)	(30,720)	(30,720)	(30,720)	(25,770)	(23,467)	(21,310)
Transfers and Grants	1				(181,540)	(34,020)	(34,020)	(34,020)	(37,196)	(35,208)	(37,743)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	–	**824,758**	**890,634**	**890,634**	**890,634**	**370,223**	**474,514**	**694,627**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors									220,632	223,803	242,989
Decrease (increase) other non-current receivables									119,260	130,575	125,591
Decrease (increase) in non-current investments					–	–	–	–	–	–	–
Payments											
Capital assets					(727,898)	(741,424)	(741,424)	(741,424)	(607,134)	(570,027)	(640,865)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	**(727,898)**	**(741,424)**	**(741,424)**	**(741,424)**	**(267,242)**	**(215,649)**	**(272,285)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					–	50,000	50,000	50,000	–	–	–
Borrowing long term/refinancing					–	–	–	–	–	–	–
Increase (decrease) in consumer deposits					–	–	–	–	–	–	–
Payments											
Repayment of borrowing					(22,362)	(72,362)	(72,362)	(72,362)	(20,410)	(21,596)	(17,209)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	**(22,362)**	**(22,362)**	**(22,362)**	**(22,362)**	**(20,410)**	**(21,596)**	**(17,209)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	–	**74,499**	**126,849**	**126,849**	**126,849**	**82,571**	**237,270**	**405,133**
Cash/cash equivalents at the year begin:	2				**172,832**	**66,806**	**448**	**448**	**127,296**	**209,867**	**447,137**
Cash/cash equivalents at the year end:	2	–	–	–	**247,330**	**193,654**	**127,296**	**127,296**	**209,867**	**447,137**	**852,269**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2017/2018 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The above table reflects that the City will be able to improve its cash flow position by 8 per cent from R194 million as at June 2017 to R210 million in June 2018 and increases to R852 million in 2019/2020 financial year.

5. The cash inflows will be generated from operating activities amounting to R3 219 billion and R340 million from investing activities (VAT refund) and no allocation from financing activities due to the economic downturn.
6. The cash generated from operating activities amounting to R2 903 billion will be utilised to fund or invest on (capital expenditure) amounting to R607 million and financing activities (repayment of borrowings) amounting to R20 million.

MP326 City of Mbombela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	–	247,330	193,654	127,296	127,296	209,867	447,137	852,269
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Non current assets - Investments	1	–	–	–	17,897	17,897	19,168	19,168	20,509	21,945	23,481
Cash and investments available:		**–**	**–**	**–**	**265,228**	**211,552**	**146,464**	**146,464**	**230,376**	**469,082**	**875,750**
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	101,751	101,751	101,751	88,589	77,072	67,053
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2				(126,936)	(126,936)	(126,936)	(126,936)	(119,260)	(130,575)	(125,591)
Other working capital requirements	3	–	–	–	283,249	6,532	84,728	84,728	64,725	79,710	98,415
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**–**	**–**	**–**	**156,312**	**(18,654)**	**59,542**	**59,542**	**34,053**	**26,207**	**39,877**
Surplus(shortfall)		**–**	**–**	**–**	**108,916**	**230,205**	**86,922**	**86,922**	**196,323**	**442,875**	**835,873**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the City's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen that the budget has been modeled to progressively move from a small surplus of R196 million in 2017/2018 to R443 million in 2018/2019 and will increase to R836 million in 2019/2020 after meeting the obligations.

MP326 City of Mbombela - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE										
Total New Assets	1	–	–	–	**306,192**	**380,098**	**380,098**	**170,671**	**165,166**	**252,680**
Roads Infrastructure		–	–	–	184,922	152,139	152,139	75,563	69,353	87,904
Storm water Infrastructure		–	–	–	–	116,178	116,178	–	–	–
Electrical Infrastructure		–	–	–	16,994	15,994	15,994	22,943	25,215	42,333
Water Supply Infrastructure		–	–	–	11,547	11,547	11,547	5,153	5,500	13,004
Sanitation Infrastructure		–	–	–	26,629	26,629	26,629	10,977	24,163	40,500
Solid Waste Infrastructure		–	–	–	1,650	4,705	4,705	2,512	4,140	7,062
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	***241,742***	***327,193***	***327,193***	***117,147***	***128,371***	***190,803***
Community Facilities		–	–	–	16,854	16,854	16,854	29,389	6,819	20,564
Sport and Recreation Facilities		–	–	–	–	847	847	–	–	–
Community Assets		–	–	–	***16,854***	***17,701***	***17,701***	***29,389***	***6,819***	***20,564***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	16,816	15,922	15,922	9,537	9,562	8,154
Housing		–	–	–	–	–	–	3,547	7,300	10,720
Other Assets		–	–	–	***16,816***	***15,922***	***15,922***	***13,084***	***16,862***	***18,874***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	2,750	3,900	8,142
Intangible Assets		–	–	–	–	–	–	***2,750***	***3,900***	***8,142***
Computer Equipment		–	–	–	**4,000**	**5,277**	**5,277**	–	–	**605**
Furniture and Office Equipment		–	–	–	**3,000**	**3,898**	**3,898**	**950**	**1,109**	**1,164**
Machinery and Equipment		–	–	–	**7,080**	**5,307**	**5,307**	**4,951**	**5,206**	**9,928**
Transport Assets		–	–	–	**16,700**	**4,800**	**4,800**	**2,400**	**2,900**	**2,600**
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	**445,527**	**361,326**	**361,326**	**314,413**	**313,391**	**290,607**
Roads Infrastructure		–	–	–	243,690	219,760	219,760	154,755	63,422	45,991
Storm water Infrastructure		–	–	–	470	470	470	–	–	–
Electrical Infrastructure		–	–	–	16,257	13,257	13,257	9,974	20,593	20,263
Water Supply Infrastructure		–	–	–	146,089	95,336	95,336	114,902	174,837	199,378
Sanitation Infrastructure		–	–	–	15,246	17,387	17,387	3,339	20,088	4,000
Solid Waste Infrastructure		–	–	–	–	–	–	1,950	20,000	8,343
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	***421,751***	***346,210***	***346,210***	***284,920***	***298,939***	***277,976***
Community Facilities		–	–	–	6,350	5,350	5,350	200	–	–
Sport and Recreation Facilities		–	–	–	10,526	7,886	7,886	10,000	–	–
Community Assets		–	–	–	***16,876***	***13,236***	***13,236***	***10,200***	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	6,900	1,910	1,910	2,465	1,855	561
Housing		–	–	–	–	–	–	5,408	2,089	1,647
Other Assets		–	–	–	***6,900***	***1,910***	***1,910***	***7,873***	***3,944***	***2,207***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	(30)	(30)	4,800	4,630	3,463
Intangible Assets		–	–	–	–	***(30)***	***(30)***	***4,800***	***4,630***	***3,463***
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	**6,620**	**5,878**	**6,961**
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	–	–	–	**122,050**	**91,470**	**97,578**
Roads Infrastructure		–	–	–	–	–	–	74,788	70,632	72,632
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	34,184	12,500	18,000
Sanitation Infrastructure		–	–	–	–	–	–	–	–	1,000
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	***108,971***	***83,132***	***91,632***
Community Facilities		–	–	–	–	–	–	300	250	300
Sport and Recreation Facilities		–	–	–	–	–	–	7,371	6,000	4,000
Community Assets		–	–	–	–	–	–	***7,671***	***6,250***	***4,300***

Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	1,400	–	–
Housing		–	–	–	–	–	–	4,008	2,089	1,647
Other Assets		–	–	–	–	–	–	***5,408***	***2,089***	***1,647***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		–	–	–	428,611	371,899	371,899	305,105	203,406	206,527
Storm water Infrastructure		–	–	–	470	116,648	116,648	–	–	–
Electrical Infrastructure		–	–	–	33,251	29,251	29,251	32,917	45,808	62,597
Water Supply Infrastructure		–	–	–	157,637	106,883	106,883	154,239	192,836	230,381
Sanitation Infrastructure		–	–	–	41,875	44,016	44,016	14,316	44,251	45,500
Solid Waste Infrastructure		–	–	–	1,650	4,705	4,705	4,462	24,140	15,405
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	***663,494***	***673,403***	***673,403***	***511,038***	***510,441***	***560,410***
Community Facilities		–	–	–	23,204	22,204	22,204	29,889	7,069	20,864
Sport and Recreation Facilities		–	–	–	10,526	8,733	8,733	17,371	6,000	4,000
Community Assets		–	–	–	***33,730***	***30,937***	***30,937***	***47,260***	***13,069***	***24,864***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	23,716	17,832	17,832	13,402	11,417	8,714
Housing		–	–	–	–	–	–	12,963	11,478	14,013
Other Assets		–	–	–	***23,716***	***17,832***	***17,832***	***26,365***	***22,894***	***22,728***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	(30)	(30)	7,550	8,530	11,605
Intangible Assets		–	–	–	–	***(30)***	***(30)***	***7,550***	***8,530***	***11,605***
Computer Equipment		–	–	–	**4,000**	**5,277**	**5,277**	**–**	**–**	**605**
Furniture and Office Equipment		–	–	–	**3,000**	**3,898**	**3,898**	**950**	**1,109**	**1,164**
Machinery and Equipment		–	–	–	**7,080**	**5,307**	**5,307**	**11,571**	**11,084**	**16,889**
Transport Assets		–	–	–	**16,700**	**4,800**	**4,800**	**2,400**	**2,900**	**2,600**
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		–	–	–	**751,719**	**741,424**	**741,424**	**607,134**	**570,027**	**640,865**
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure					1,718,855	1,718,855	1,718,855	2,176,379	2,162,470	2,182,635
Storm water Infrastructure								–	–	–
Electrical Infrastructure					680,758	680,758	680,758	884,986	929,235	975,697
Water Supply Infrastructure					1,229,561	1,229,561	1,229,561	1,598,429	1,678,351	1,762,268
Sanitation Infrastructure					737,136	737,136	737,136	958,277	1,006,191	1,056,500
Solid Waste Infrastructure					478,538	478,538	478,538	669,954	703,451	738,624
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		–	–	–	***4,844,848***	***4,844,848***	***4,844,848***	***6,288,024***	***6,479,698***	***6,715,724***
Community Facilities										
Sport and Recreation Facilities					914,860	914,860	914,860	1,097,832	1,152,724	1,210,360
Community Assets		–	–	–	***914,860***	***914,860***	***914,860***	***1,097,832***	***1,152,724***	***1,210,360***
Heritage Assets										
Revenue Generating										
Non-revenue Generating					187,234	187,234	187,234	343,684	343,684	343,684
Investment properties		–	–	–	***187,234***	***187,234***	***187,234***	***343,684***	***343,684***	***343,684***
Operational Buildings					56,306	56,306	56,306	59,121	62,078	65,181
Housing										
Other Assets		–	–	–	***56,306***	***56,306***	***56,306***	***59,121***	***62,078***	***65,181***
Biological or Cultivated Assets										
Servitudes										
Licences and Rights					5,969	5,969	5,969	6,267	6,581	6,910
Intangible Assets		–	–	–	***5,969***	***5,969***	***5,969***	***6,267***	***6,581***	***6,910***
Computer Equipment					–					
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets					–					
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	–	–	–	**6,009,218**	**6,009,218**	**6,009,218**	**7,794,930**	**8,044,764**	**8,341,859**

EXPENDITURE OTHER ITEMS										
Depreciation	7	–	–	–	257,872	219,424	219,424	260,361	269,123	279,538
Repairs and Maintenance by Asset Class	3	–	–	–	230,100	230,100	230,100	267,445	313,585	368,797
Roads Infrastructure		–	–	–	65,643	65,643	65,643	78,771	94,526	113,431
Storm water Infrastructure		–	–	–	9,780	9,780	9,780	11,736	14,083	16,900
Electrical Infrastructure		–	–	–	55,730	55,730	55,730	66,876	80,251	96,301
Water Supply Infrastructure		–	–	–	25,995	25,995	25,995	31,194	37,433	44,919
Sanitation Infrastructure		–	–	–	5,614	5,614	5,614	6,737	8,084	9,701
Solid Waste Infrastructure		–	–	–	2,211	2,211	2,211	2,654	3,184	3,821
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	***164,973***	***164,973***	***164,973***	***197,967***	***237,561***	***285,073***
Community Facilities		–	–	–	8,748	8,748	8,748	10,498	12,598	15,117
Sport and Recreation Facilities		–	–	–	12,129	12,129	12,129	14,555	17,466	20,959
Community Assets		–	–	–	***20,877***	***20,877***	***20,877***	***25,053***	***30,063***	***36,076***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	14,948	14,948	14,948	15,098	16,607	18,268
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	***14,948***	***14,948***	***14,948***	***15,098***	***16,607***	***18,268***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	3,161	3,161	3,161	3,161	3,161	3,161
Transport Assets		–	–	–	26,140	26,140	26,140	26,166	26,193	26,219
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		–	–	–	487,972	449,523	449,523	527,806	582,708	648,335
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*59.3%*	*48.7%*	*48.7%*	*71.9%*	*71.0%*	*60.6%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*0.0%*	*172.8%*	*164.7%*	*164.7%*	*167.6%*	*150.4%*	*138.9%*
R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*4.0%*	*4.0%*	*3.2%*	*3.6%*	*4.1%*	*4.6%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*11.0%*	*10.0%*	*10.0%*	*9.0%*	*9.0%*	*9.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. For the 2017/2018 financial year, 38 percent or (R198 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 15 per cent (R79 million), followed by Electrical by 13 per cent (R67 million), Water supply 6 per cent (R31 million), Transport asset 5 per cent (R26 million), Community assets 5 per cent (R25 million) and Other assets is at 3 per cent (R15 million).

MP326 City of Mbombela - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	73,455	73,455	73,455	73,551	73,646	73,742
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	41,691	41,691	41,691	41,774	41,858	41,942
Minimum Service Level and Above sub-total		–	–	–	115,146	115,146	115,146	115,325	115,504	115,684
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**115,146**	**115,146**	**115,146**	**115,325**	**115,504**	**115,684**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	55,588	55,588	55,588	55,699	55,810	55,922
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	87,352	87,352	87,352	87,352	87,352	87,352
Minimum Service Level and Above sub-total		–	–	–	142,940	142,940	142,940	143,051	143,163	143,274
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**142,940**	**142,940**	**142,940**	**143,051**	**143,163**	**143,274**
Energy:										
Electricity (at least min.service level)		–	–	–	178,675	178,675	178,675	179,033	179,391	179,749
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	178,675	178,675	178,675	179,033	179,391	179,749
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**178,675**	**178,675**	**178,675**	**179,033**	**179,391**	**179,749**
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	65,514	65,514	65,514	65,645	65,777	65,908
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	113,161	113,161	113,161	113,387	113,614	113,841
Below Minimum Service Level sub-total		–	–	–	178,675	178,675	178,675	179,033	179,391	179,749
Total number of households	5	**–**	**–**	**–**	**178,675**	**178,675**	**178,675**	**179,033**	**179,391**	**179,749**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	198,528	198,528	198,528	198,528	198,528	198,528
Sanitation (free minimum level service)		–	–	–	198,528	198,528	198,528	198,528	198,528	198,528
Electricity/other energy (50kwh per household per month)		–	–	–	12,037	12,037	12,037	12,037	12,037	12,037
Refuse (removed at least once a week)		–	–	–	12,037	12,037	12,037	12,037	12,037	12,037
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		–	–	–	48,314	48,314	48,314	9,126	9,126	9,126
Sanitation (free sanitation service to **indigent households**)		–	–	–	48,314	48,314	48,314	9,126	9,126	9,126
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	5,850	5,850	5,850	5,832	5,832	5,832
Refuse (removed once a week **for indigent households**)		–	–	–	34,371	34,371	34,371	13,112	9,920	11,191
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		**–**	**–**	**–**	**136,849**	**136,849**	**136,849**	**37,196**	**34,004**	**35,275**
Highest level of free service provided per household										
Property rates (R value threshold)					80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)					6	6	6	6	6	6
Sanitation (kilolitres per household per month)					6	6	6	6	6	6
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)					50	50	50	50	50	50
Refuse (average litres per week)					1	1	1	1	1	1
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	187,959	187,959	187,959	200,525	211,955	223,824
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	114,437	114,437	114,437	99,566	109,523	120,475
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	10,258	10,258	10,258	11,284	12,412	13,653
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	57,428	57,428	57,428	63,171	69,488	76,437
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	34,371	34,371	34,371	37,808	41,589	45,748
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**404,454**	**404,454**	**404,454**	**412,354**	**444,967**	**480,138**

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these Free Basic Services will cost the City R37 million in 2017/2018. This is covered by the City's equitable share allocation from national government.

2. In addition to the Free Basic Services, the City also 'gives' households R412 million in free services in 2017/2018.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the City to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the City must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the City meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

(a) that the process followed to compile the budget complies with legislation and good budget practices;
(b) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of City;
(c) that the City's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
(d) That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Executive Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2016. Key dates applicable to the process were:

(a) Planning Phase

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2016 – council resolution (A8). The following process was followed during the review of City of Mbombela's IDP and Budget for 2017/2018.

(b) Analysis Phase

Community based Planning (CBP) meetings took place during October 2016 and the zonal meetings were held on the 15 – 24 November 2016.The main aim of the meetings was to report on the City performance and achievements of the previous financial year and also to give the communities an opportunity to raise and confirm priority issues that need to be addressed within the next 2017/2018 financial year.

(c) Strategy Phase

Departmental strategic planning sessions were held on the 02 December 2016 – 25 January 2017 and a follow up was held on the 02 - 03 February 2017 to refine and confirm the municipal strategic objectives and priorities for 2017/2018 IDP Review based on the community needs the SONA and SOPA were also considered as outlined in table below and the national, provincial, district priorities.

The Mayoral Lekgotla, which was attended by Executive, Mayor, Speaker, Chief Whip, MMCs (political office bearers), Chairpersons of Section 79 Oversight Committees, Municipal Manager, General Managers and Senior Managers also reviewed the municipal performance in 2016/2017 and re-confirmed the City's IDP development priorities.

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(d) Project Phase

On 14- 15 March 2017, the City held another Mayoral Lekgotla to identify programs and projects that must be prioritized in the 2017/2018 IDP Review and budget.

(e) Integration Phase

During the finalization of IDP projects, the City has considered programs from sector departments and other governmental parastatals such as ESKOM, and the projects are included in Chapter 6 of the revised 2017 - 2020 IDP, a workshop for councilors on the draft documents was held on the 24 March 2017.

The City has approved the Spatial Development Framework (SDF) to guide all the future development, and is in the process of developing and reviewing the key sector plans that will assist in achieving the constitutional obligations. The sector plans amongst others include the Long term strategic plan (Vision 2030), Local Economic Development Strategy, Environmental Management Framework, Integrated Waste Management Plan, Comprehensive Infrastructure Plan and Disaster Management Plan.

(f) Public Participation and consultative process

Subsequent to the adoption of the draft 2017/2018 – 2019/2020 budget and medium-term revenue and expenditure framework (MTREF) on 31 March 2017, the public participation and consultative process was undertaken from 14 April 2017 to 14 May 2017 as prescribed in terms of Section 22 of the Municipal Finance Management Act No 56 of 2003, read in conjunction with Section 21 of the Municipal Systems Act.

The public participation and consultative process was further undertaken in a form of community meetings in various wards from 29 April 2017 to 14 May 2017. Furthermore consultation meetings were held on 10 May 2017 with organised business stakeholders namely; Business sector (KLBCT and NAFCOC), Mining sector (Barberton Mines (Pty) Ltd) farmers and ratepayers associations etc. and on 12 May 2017 with Traditional Leaders.

The adopted draft budget documents were also published on the municipal website and notices about the adopted draft budget were published on the local newspapers and official notice boards

As part of the consultative process, the municipality also had a benchmark engagement meeting with the National Treasury on 19 April 2017 with regard to the adopted draft IDP and 2017/2018-2019/2020 Budget and Medium Term Revenue and Expenditure Framework (MTREF). The benchmark engagement exercise was conducted by the National Treasury with an objective of assessing the credibility of the IDP and budget adopted by the municipal council.

Approval Phase

The final 2017/2018 IDP and Budget was tabled before council for approval on the 31 May 2017. The notice will be advertised on local print media on the 09 June 2017. Moreover, the documents will be placed on the municipal website, in all the 4 Regions of the City i.e Head Office, Central, Northern, Southern, Eastern and in all Libraries on the 14 June 2017 for public awareness on the approved IDP and Budget.

2.1.2 IDP and service delivery and budget implementation plan

It started in August 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/2018 MTREF.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

(a) Registration of community needs;
(b) Compilation of departmental business plans including key performance indicators and targets;
(c) Financial planning and budgeting process;
(d) Public participation process;
(e) Compilation of the SDBIP, and
(f) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/2018 MTREF, based on the approved 2016/2017 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/2018 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/2017 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial modelling and key planning drivers

As part of the compilation of the 2017/2018 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/2018 – 2019/2020 annual budget and MTREF:

(a) City's growth
(b) Policy priorities and strategic objectives
(c) Asset maintenance
(d) Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
(e) Performance trends
(f) The approved 2016/2017 adjustments budget and performance against the SDBIP
(g) Cash Flow Management
(h) Debtor payment levels
(i) Loan and investment possibilities
(j) The need for tariff increases versus the ability of the community to pay for services
(k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars in relation to municipal budget process has been taken into consideration in the planning and prioritisation process.

2.1.4 Community consultation

Chapter 4 of the Municipal Systems Act states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the City including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councilors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

2.1.5 Committees and participation

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. City's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Strategic Management Services department (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in the City of Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the City and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councilors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The

updated Needs Database informs the business plan formulation process conducted by various line functional departments of the City.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a City to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the City and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the City.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the City. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

(a) Green Paper on National Strategic Planning of 2009;
(b) Government Program of Action;
(c) Development Facilitation Act of 1995;
(d) Provincial Growth and Development Strategy (GGDS);
(e) National and Provincial spatial development perspectives;
(f) Relevant sector plans such as transportation, legislation and policy;
(g) National Key Performance Indicators (NKPIs);
(h) Accelerated and Shared Growth Initiative (ASGISA);
(i) National 2014 Vision;
(j) National Spatial Development Perspective (NSDP); and
(k) The National Priority Outcomes.

2.2.1 National priorities

The President on his 2017 State of the Nation Address mentioned five national priorities which should embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the Centre of our economic policies.

The five national priorities are;

(a) Creating decent jobs;
(b) Improving the quality of education;
(c) Enhancing health services;
(d) Enhancing rural development and agrarian; and
(e) Fight against crime and corruption.

In His address, the President has further declared 2017 as a year of job creation. The municipalities should align their programs with the job creation imperative.

To achieve this national priority, municipalities are urged when drafting 2017/2018 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The City ought to focus on maximizing its contribution to job creation by;

(a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
(b) Ensuring that service providers use labour intensive approaches.
(c) Supporting labour intensive LED projects.
(d) Participating fully in the EPWP/National youth service plan NYDP.
(e) Implementing interns programs to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a City must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2017/2018 MTREF and further planning refinements that have directly informed the compilation of the budget:

2.2.2 IDP strategic objectives

The City's development priority and objectives

IDP Development priority	IDP Development objective
Institutional development and transformation	• To build strong sustainable governance and institutional structures and arrangements • To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
Infrastructure and sustainable services	• To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development
Rural Development	• To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development
Economic development	• To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management
Financial management and viability	• To ensure legally sound financial viability and management
Human capital and community development	• To formulate a broad over-arching human capital and community development
2010 Legacy and Flagship projects concept	• To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management • To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development • To build strong sustainable governance and institutional structures and arrangements • To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

Alignment of City of Mbombela's IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	**IDP PRIORITIES- MUNICIPAL RESPONSE**
Develop a Global Partnership for Development	➢ 2010 legacy and flagship projects ➢ Human capital and community development
Eradicate extreme poverty and hunger	➢ Infrastructure & sustainable services ➢ Human capital and community development ➢ Economic development ➢ Rural development
Combat HIV/AIDS, malaria and other diseases	➢ Human capital and community development ➢ 2010 legacy and flagship projects ➢ Economic development
Ensure environmental sustainability	➢ 2010 legacy and flagship projects
Promote gender equality and empower women	➢ Human capital and social development ➢ 2010 legacy and flagship projects
NATIONAL PRIORITIES	**IDP PRIORITIES- MUNICIPAL RESPONSE**
Corruption	➢ 2010 legacy and flagship projects
Education	➢ Human capital and community development
Health	➢ 2010 legacy and flagship projects
The fight against crime	➢ 2010 legacy and flagship projects ➢ Rural development
Creation of decent work & sustainable livelihoods	➢ Economic development ➢ Infrastructure & sustainable services ➢ 2010 legacy and flagship projects ➢ Rural development
Rural development, food security & land reform	➢ Economic development ➢ Infrastructure & sustainable services ➢ Human capital and community development ➢ Rural development

PROVINCIAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Agriculture	➢ Human capital and community development ➢ Economic development ➢ Rural development
Skills	➢ Human capital and community development ➢ Institutional development & transformation ➢ Infrastructure & sustainable services
Economic growth & job creation	➢ Economic development ➢ 2010 legacy and flagship projects ➢ Rural development
Strategic infrastructure	➢ 2010 legacy and flagship projects ➢ Infrastructure & sustainable services
Tourism, Environment & Cultural Heritage	➢ Human capital & community development ➢ Flagship projects ➢
Social cohesion	➢ Human capital and community development ➢ 2010 legacy and flagship projects
DISTRICT PRIORITIES	**IDP PRIORITIES- MUNICIPAL RESPONSE**
Basic service and infrastructure development	➢ Infrastructure & sustainable services
Local economic development	➢ Economic development ➢ 2010 legacy and flagship projects
Institutional transformation and development	➢ Institutional development and transformation ➢ 2010 legacy and flagship projects
Financial viability and management	➢ 2010 legacy and flagship projects ➢ Financial management and viability
Public participation and good governance	➢ Institutional development and transformation ➢ 2010 legacy and flagship projects
Traditional leaders	➢ Human capital and community development ➢ 2010 legacy and flagship projects

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City.
The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

(a) To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
(b) To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
(c) To formulate a Broad Over-arching Human Capital and Community Development
(d) To build strong sustainable governance and institutional structures and arrangements
(e) To ensure legally sound financial viability and management
(f) To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

(a) There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
(b) During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
(c) Diverse developmental needs in areas within each ward were noted during the Analysis phase
(d) Poor attendance in some wards during the consultation meetings has negative effects;
(e) Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
(f) Communities should be provided with maps of their areas during consultation process to assist the City in mapping social needs;
(g) Government departments and parastatals are not attending IDP meetings even though they are invited;
(h) Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programs across the three spheres of government and other stakeholders that will be implemented in their respective wards;
(i) There is a need for an organized consultation process with sector departments from both the City and district perspective.

The 2017/2018 – 2019/2020 final budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development						68,807	61,927	61,927	75,688	83,257	91,583
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Setlement supported by Infrastructure Development	Infrastructure & sustainable services						1,425,186	1,282,667	1,282,667	1,467,839	1,525,207	1,627,337
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development						111,028	99,925	99,925	122,131	134,344	147,778
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation						59,338	53,405	53,405	65,272	71,800	78,979
To ensure legally sound Financial viability and Management	Financial management & viability						1,542,353	1,422,251	1,422,251	1,600,449	1,670,835	1,786,747
								–	–	–	–	–
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	–	**3,206,713**	**2,920,175**	**2,920,175**	**3,331,380**	**3,485,442**	**3,732,424**

MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development						59,796	47,836	47,836	53,816	48,434	43,591
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human	Infrastructure & sustainable services						1,125,769	1,111,877	1,111,877	1,238,346	1,362,180	1,498,398
							–	–	–	–	–	–
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development						661,116	595,004	595,004	682,841	796,561	903,734
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation						342,666	308,399	308,399	376,932	414,625	456,088
To ensure legally sound Financial viability and Management	Financial management & viability						486,249	340,374	340,374	330,924	259,087	170,039
										–	–	–
Allocations to other priorities												
Total Expenditure			1	–	–	–	**2,675,595**	**2,403,491**	**2,403,491**	**2,682,858**	**2,880,887**	**3,071,850**

MP326 City of Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development	A					55,424	55,424	55,424	40,606	61,350	66,166
		B								–	–	–
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human	Infrastructure & sustainable services	C					518,829	508,534	508,534	488,199	455,499	513,748
		D						–	–	–	–	–
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	E					26,620	26,620	26,620	44,700	23,567	24,657
		F										
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	G					17,866	17,866	17,866	25,480	19,212	22,391
		H										
To ensure legally sound Financial viability and Management	Financial management & viability	I					132,980	132,980	132,980	8,149	10,399	13,902
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	–	–	–	**751,719**	**741,424**	**741,424**	**607,134**	**570,027**	**640,865**

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The City targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

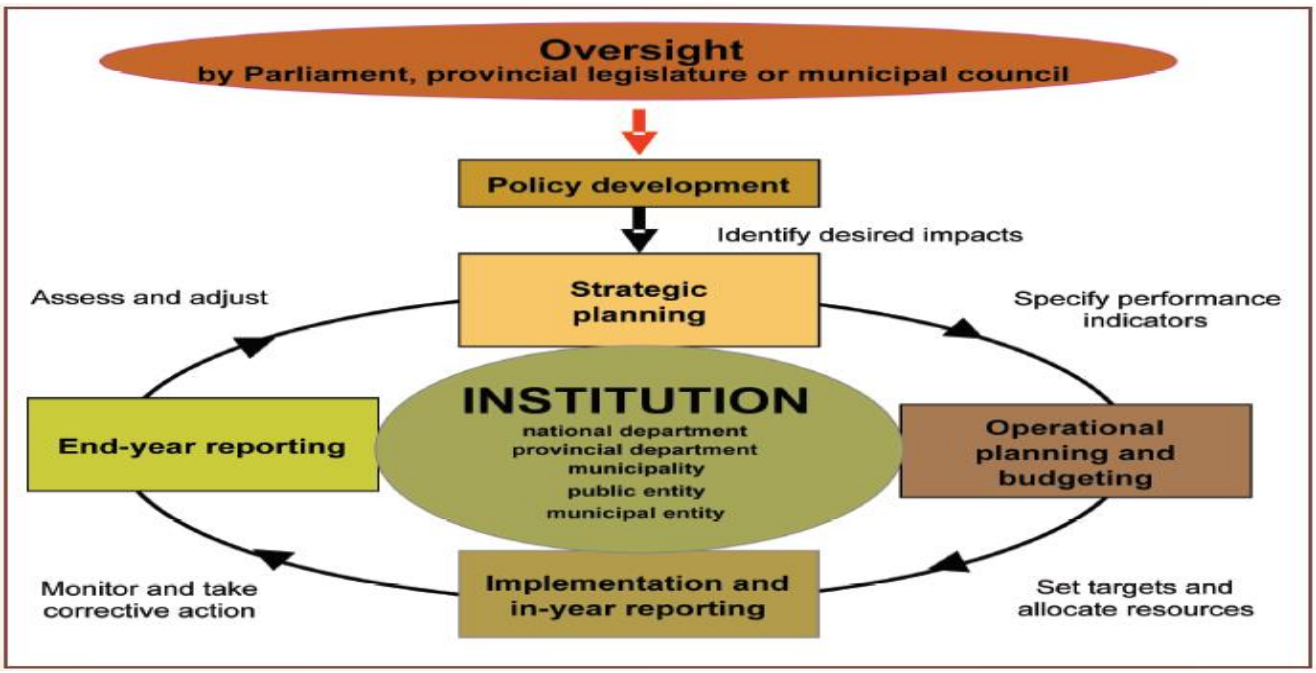


Figure 1 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

(a) Planning (setting goals, objectives, targets and benchmarks);
(b) Monitoring (regular monitoring and checking on the progress against plan);
(c) Measurement (indicators of success);
(d) Review (identifying areas requiring change and improvement);

(e) Reporting (what information, to whom, from whom, how often and for what purpose); and
(f) Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the City's main performance objectives and benchmarks for the 2017/2018 MTREF.

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating					Baa1.za	Baa1.za	Baa1.za	Baa1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	2.6%	4.3%	4.3%	4.3%	1.7%	1.6%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	3.6%	5.9%	5.9%	5.9%	2.3%	2.1%	1.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	38.3%	38.3%	38.3%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	–	–	1.1	1.1	1.1	1.1	1.2	1.4	1.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	1.1	1.1	1.1	1.1	1.2	1.4	1.7
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	–	0.2	0.2	0.2	0.3	0.6	0.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	105.9%	97.3%	97.3%	97.3%	113.4%	113.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	97.8%	96.0%	96.0%	96.0%	94.6%	95.1%	95.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	7.0%	14.6%	14.6%	14.6%	12.1%	11.7%	11.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA's 65(e))				90.0%	90.0%	90.0%	95.0%	95.0%	95.0%	95.0%
Creditors to Cash and Investments		0.0%	0.0%	0.0%	135.2%	380.2%	380.2%	380.2%	232.2%	132.5%	90.5%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				67704462.49	67704462.49	67704462.49	67704462.49	60934016.24	54840614.61	49356553.15
	Total Cost of Losses (Rand '000)				48,747	48,747	48,747	43,872	39,485	35,537	31,983
	% Volume (units purchased and generated less units sold)/units purchased and generated				0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)				951	951	951	951	856	770	693
	Total Cost of Losses (Rand '000)				3755667	3755667	3755667	3755667	3380100.3	3042090.27	2737881.243
	% Volume (units purchased and generated less units sold)/units purchased and generated				0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	25.3%	27.9%	27.9%	27.9%	26.8%	26.5%	26.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	23.0%	29.4%	29.4%		28.2%	28.0%	27.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	8.8%	10.4%	10.4%		9.8%	10.7%	11.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	11.6%	11.3%	11.3%	11.3%	10.5%	10.0%	9.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	19.2	19.2	19.2	32.7	35.4	38.7	41.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	11.6%	22.2%	22.2%	22.2%	19.5%	18.7%	18.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	2.2	0.6	0.6	0.6	0.9	1.6	2.3

2.3.1 Financial performance indicators and benchmarks

(a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a City to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Mbombela borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/2018 MTREF.

Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the City. It can be noted that the borrowing asset ratio of City of Mbombela is stable for the medium term.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is zero decreased significantly due to the fact that there's no borrowing anticipated to fund the 2017/2018 capital expenditure.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the City.In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/2018 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

(b) Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the City's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

(c) Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/2018 the MTREF the current ratio is 1,2 in the 2018/2019 financial year it will be 1,7 and 2,3 for 2019/2020 Going forward it will be necessary to maintain these levels or even more.

The liquidity ratio is a measure of the ability of the City to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the City should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/2017 financial year the ratio was 0,2 and as part of the financial planning strategy it has been increased to 0,4 in the 2017/2018 and increasing to 0,8 in 2018/2019 and 1,5 in 2019/2020 financial year. This needs to be considered a pertinent risk for the City as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

(d) Revenue Management

As part of the financial sustainability strategy, the City will revise its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the City” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

(e) Creditors Management

The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the City has managed to ensure a 95 per cent compliance rate to this legislative obligation. This will have at least a favourable impact on suppliers’ perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City’s business.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/2018 financial year 12 000 registered indigents will be provided for in the budget. In terms of the City’s indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2017/2018 medium term capital budget.

The following is briefly the main challenges facing the City in this regard:

(a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
(b) Shortage of skilled personnel makes proper operations and maintenance difficult;
(c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
(d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

(a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
(b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training program, especially for operational personnel;
(c) The Electricity Division is to install dedicated power supply lines to the plants; and
(d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
(e) Updating the infrastructure plan of the City.

OVERVIEW OF BUDGET RELATED-POLICIES

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions have been tabled to Council on the 31 March 2017 as draft as some of the policies are rationalized due to the fact that the City is a new entity established in August 2016.

The City has tabled the following Budget Related policies for the financial year 2017/2018;

2.4.1 Virement policy

This is a policy that is developed to manage the shifting of funds within and between votes during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegation of powers.

The Municipal Budget and Reporting Regulations (No 3241) and Circular 51 issued by the National Treasury serve as guidelines in the implementation of this policy.

2.4.2 Budget policy

The budget policy deals mainly with all budget related matters. The objective of the budget policy is to set out the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, to outline the responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence City of Mbombela's IDP review and budget processes.

2.4.3 Credit control and debt collection policy and by-laws

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) is clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

The objectives of the policy are to;

(a) Provide a framework within the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection.

(b) Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner.

(c) Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision making processes of the municipality and that they are informed of the decisions and affairs of the municipality.

(d) Outline credit control and debt collection policy procedures and mechanisms.

The policies for both former disestablished municipalities have been rationalised into one policy.

One amendment has been effected on the former Umjindi Local Municipality policy in respect of delegations on irrecoverable debt limits as set out in section 5.4.4. The limits for the former Mbombela Local Municipality will be used.

2.4.4 Economic investment and promotion policy

The main objective of the policy is to provide a framework for the uniform development of incentives in City of Mbombela that will assist to:

(a) Attract investment.
(b) Return existing investment.
(c) Stimulate and create job opportunities.
(d) Support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the City. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the City of Mbombela Property Rates by Law in terms of section 9.4.1(b).

2.4.5 Investment policy

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005. All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources, deliberations will be during the workshop proposal for amendments will form part of the final budget.

2.4.6 Funding and reserves policy

The policy is required in terms of Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is in accordance with Section 17 and 168 of the Municipal Finance Management Act No. 56 of 2003.

The policy sets out the assumptions and methodology for estimating the following:

(a) Projected billings, collections and all direct revenues.
(b) Provision for revenue that will not be collected.
(c) Funds that the municipality can expect from investments.
(d) Proceeds the municipality can expect to receive from the transfer or disposal of assets.
(e) Council‘s borrowing requirements.
(f) Funds to be set aside in reserves.

2.4.7 Indigent policy

The Department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for City of Mbombela the policy was rationalized to accommodate former Umjindi and approved for implementation in terms item A(2) of 28 February 2017.

The objectives of the policy will be to ensure the following:

(a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of Council;
(b) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
(c) Establishment of a framework for the identification and management of indigent households including a socio –economic analysis and indigent exit strategy;
(d) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
(e) To enhance the institutional and financial capacity of the municipality to implement the policy

2.4.8 Subsistence and Travelling policy

The Subsistence and Travelling Policy was rationalised. It was further tabled before Council and approved for implementation as per Council resolution A (5) of 13 December 2016

The policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 Section 34(5)(a):

2.4.9 Supply chain management policy

Chapter 11 of the Municipal Finance Management Act No 50 of 2003 deals with Goods and Services. In terms of Section 111, each City must have and implement a Supply Chain Management policy which gives effect to provisions of this part of the Act.

The SCM Policy was rationalised. It was further tabled before Council and approved for implementation as per Council resolution A (6) of 13 December 2016.

The supply chain management policy has been further amended to incorporate the new supply chain management reforms in line with the Preferential Procurement Regulations promulgated on 20 January 2017 and amended supply chain management policy was approved by Council on 31 March 2017 as per council resolution A(4).

There has been recent legislative reforms regarding procurement regulations that necessitates the review of the policy.
These will be incorporated into the policy and tabled before Council during for approval. These relates in brief to:

(i) The introduction of the Exempted MEs', QSE and other designated groups in the procurement main stream.

(ii) The Pre-qualification of service providers for preferential procurement.

(iii) The introduction of measures to curb fronting.

(iv) The introduction of measures to curb the over reliance on deviations from normal bidding processes.

(v) The introduction of measures to ensure that EMEs', QSE and other designated groups participate in the procurement processes and honour their contractual obligations (cessions, direct payments and early payments period scheme or initiatives).

(vi) The introduction of the negotiations clause with the preferred bidder to ensure to ensure value for money principle.

(vii) Procedures for the cancellation and re-advertisement of the bids.

(viii) Remedial actions for improper conduct by the service providers

(ix) The new price point scoring system threshold value whereby 80/20 point scoring will apply to procurement threshold of R30 000 to R50 million and the 90/10 will apply to procurement threshold of above R50 million.

(x) The sub-contracting of a minimum of 30 per cent to Exempted Micro Enterprise and Qualifying Small Business Enterprise.

2.4.10 Supplier performance monitoring policy

The objective of the policy is as follows:

(a) ensure a high quality of service is maintained,

(b) detect underperformance early, thereby reducing the risks to projects failures,

(c) Create mechanisms to improve performance where targets are not being achieved,

(d) Provide data to municipal officials so that informed decisions can be made

(e) Assist in government's developmental objectives in the form of structuring appropriate business support strategies/interventions to targeted enterprises

(f) Assess the suitability of a service provider for pre-qualification, selective tender lists or expressions of interest

2.4.11 Contract management policy

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of section 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

2.4.12 Property rates policy and by law

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the City has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above property rates by law that was gazetted on 21 July 2010 as provincial gazette no 1841. As required the following changes were made:

The Property Rates Policy and By- Law for the two former municipalities was based on two different Valuation Rolls.

The Property Rates Policies and By – Laws from the former two municipalities will exist concurrently until a new general valuation roll is compiled and implemented with effect from 1 July 2018 for the City of Mbombela.

The Property Rates rebate structure as per table below is currently being implemented for the City of Mbombela as outlined in the different regions or parts thereof.

DESCRIPTION	FORMER MBOMBELA	FORMER UMJINDI
General Rate:	0.00951 Cent in a Rand	0.01012 Cent in a Rand
Residential Property	First R 80 000 of the market value is tax free; and Further rebates of 30%	First R 50 000 of the market value is tax free
Business/ Commercial / Industrial Property	Rebates of 28%	N/A
Indigent Household	Rebates of 100%	Rebates of 100%
Senior Citizens/	Rebates structure based on	Rebates structure based on

Retired Persons	household income level: Annual Income Threshold % Rebate R0.00 - R117 300 100% R116 501 - R146 625 75% R146626 - R183 281 50% More than R183 281 25%	household income level: Annual Income Threshold % Rebate R0.00 - R30 000 50% R30 001 - R 75 000 40% R75 000 - R200 000 30% More than R 200 000 0%
Public Benefit Organisations	May be granted up to 100% rebates based on application	May be granted up to 100% rebates based on application
Owners of Bed and Breakfast/ Small business	May be granted 35% rebates based on the application - Must not own a B & B or Guesthouse with more than 9 rooms - No more than R 350,000 annual turnover	N/A
Owners of Agricultural Properties	Rebates up to 30% based application	Rebates up to 10% based application
Other properties	Rebates of 10%	N/A
Owners of properties located in complexes or estates and /or City Improvement District (CID)	Rebates of 10%	N/A

2.4.13 Tariff policy and by law

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of Section 75 are part of the budget related policies that must be reviewed annually.

The objective of the tariff policy is to ensure that:

(a) The tariffs approved during the Budget process by council to fund services must be consistent with this policy.
(b) The municipal services are financially sustainable, affordable and equitable.
(c) The needs of the poor households are taken into consideration.
(d) There is consistency in how tariffs are applied throughout the municipality

The policies of the two former municipalities have been rationalised into one policy. One amendment has been made into the policy; For Low Tension / High Tension tariff structure where the customer uses more than 50 MWh per month, a time of use (TOU) tariff may be applied. This is reduced from 100MWh.

2.4.14 Asset management policy

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted. The Asset Management Policy provides direction for the management, accounting and control of Fixed Assets owned or controlled by the Council

The Asset management policy of both former municipalities have been rationalised into one policy for the City of Mbombela. This policy was tabled before Council for adoption and implementation together with the final budget.

2.4.15 Insurance policy

The main objective of the insurance policy is to:

(a) Create awareness to all employees of the risks associated with all insurable interests
(b) Ensure reasonable steps are taken to mitigate and minimise all risks
(c) Identify all potential risks and enforce risk control measures
(d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets.

2.4.16 Solid Waste (Refuse Removal) By-Law

The following amendments are proposed on the by-law;
The definition of “property” in the by-law must be amended to be in line with the definition as set out in the Municipal Property Rates Act No. 6 of 2004.

The following clause is proposed to be added on the By-Law;

All properties situated in a serviced area shall be charged a basic refuse removal on a monthly to be determined on annually basis.

2.4.17 Deposit and refunds policy

The policy deals with issues of consumer deposits and refunds has been developed.

The refunds include monies paid into the municipal bank account which must be for acceptable reasons be refunded.

2.4.18 Proof of residence policy

The policy that will guide the operations in the issue of “Proof of Residence” has been developed. This policy will be applicable for formalised and non-formalised areas within the jurisdiction of City of Mbombela.

2.4.18 Liquidity Policy

The objective of the policy is to ensure liquidity management in so far as maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

2.5.1 External factors

Unemployment remains very high and escalating according to the latest unemployment statistics released by Statistics South Africa.

According the 2017 National Budget and other sources, the Consumer Price Index (CPI) is projected stay above the South African Reserve Bank CPI targeting band of 3 – 6 per cent in 2017/2018 financial year. However, it will decrease to fall within the target band from 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2021/2022 financial year;

The forecasted headline inflation for medium-term will be as follows;

Description	Estimate					
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Economic Outlook:						
Consumer Price Index (CPI) %	6.4%	6.4%	5.7%	5.6%	5.5%	5.5%
Real Gross Domestic Product (GDP) %	0.50%	1.3%	2.0%	2.2%	2.3%	2.4%
Annualised Nominal Price Rate Increase %	**6,93%**	**7,78%**	**7,81%**	**7,92%**	**7,93%**	**8,03%**

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/2018 MTREF no borrowings will be sourced.

2.5.4 Collection rate for revenue services

The payment level trend for the past three years, including current financial year until to date is as follows;

Financial Perfomance Indicators or Ratios	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Collection on currents - Rates and Services charges	95%	96%	96%	97%	97%	97%

2.5.5 Growth or decline in tax base of the City

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2016 to 2022 is expected to be as follows;

Headline inflation forecast over the medium-term;

Description	Estimate					
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Economic Outlook:						
Consumer Price Index (CPI) %	6.4%	6.4%	5.7%	5.6%	5.5%	5.5%
Real Gross Domestic Product (GDP) %	0.50%	1.3%	2.0%	2.2%	2.3%	2.4%
Annualised Nominal Price Rate Increase %	**6,93%**	**7,78%**	**7,81%**	**7,92%**	**7,93%**	**8,03%**

2.5.6 Salary increases

The employees' remuneration cost will amount to R771 million in 2017/2018 financial year due to an annual increase of 7,36 per cent for employees related cost and 6,4 per cent for remuneration of councilors. The remuneration cost to the total operating expenditure budget is 29 per cent. The employees remuneration cost will increase to R838 million in 2018/2019 financial year and the expenditure to the total operating budget will be 29 per cent as well.

2.5.7 Micro or internal environment perspective

Furthermore from macro environment perspective and the unfavourable economic conditions more of our people are unemployed which result in shrinking of the current revenue base, putting pressure on the current municipal revenue and cash flow over the medium-term over the slow economic growth trends reflect that a convergence of unfavourable global and domestic circumstances of which impact negatively on all spheres of government. The revenue base of the City is under pressure as no new revenues are derived at the moment due to the slow economic growth and local circumstances.

As a consequence of the distress economy, the City was advised by National Treasury to adopt a conservative approach when projecting the revenue and cash flow for the medium term due to unfavorable and unstable economic conditions and rising inflationary pressures, and the slow growth pace on global and national economy.

On the expenditure side - careful analysis and evaluation of the current spending patterns need to be conducted so that the allocation of funds in the next medium-term is in line with the key municipal priorities and non-priority spending is eliminated (austerity measures need to be implemented).

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

(a) Creating jobs;
(b) Enhancing education and skill development;
(c) Improving Health services;

(d) Rural development and agriculture; and
(e) Fighting crime and corruption.

To achieve this national priority, municipalities are urged to when drafting 2017/2018 budgets to continue explore opportunities to promote labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP.

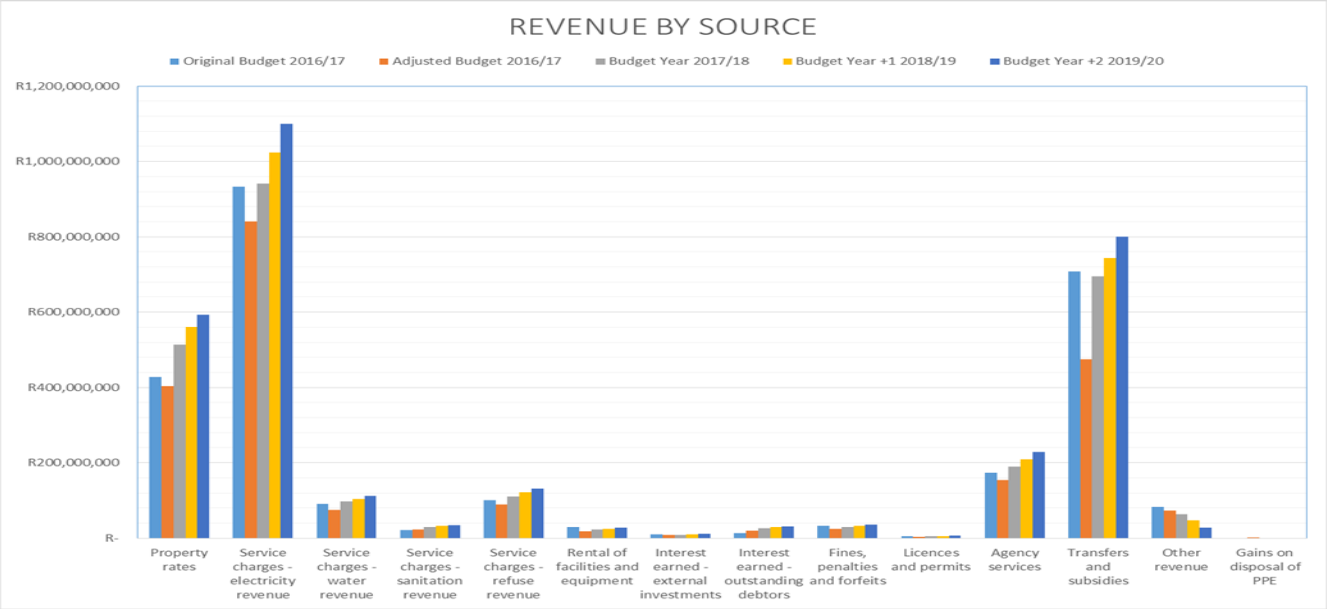
However, municipalities should not carelessly employ more people without any reference and consideration to the level of staffing required delivering effective services. Municipalities should focus on maximizing its contribution to job creation by;

i. Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
ii. Ensuring that service providers use labour intensive approaches.
iii. Supporting labour intensive Local Economic Development projects.
iv. Participating fully in the Expanded Public Works Programmes/National youth service plan.
v. Implementing interns programs to provide young people with on-the-job training.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.6 Medium-term outlook: operating revenue

The following graph is a breakdown of the operational revenue per revenue source for the 2017/2018 financial year;



Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the City, local economic conditions and the affordability of services taking into consideration the City's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the City's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a City are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

The revenue strategy is a function of key components such as:

(a) Growth in the city and economic development;
(b) Revenue management and enhancement;
(c) Achievement of a 94 per cent annual collection rate on revenue from rates and services charge;
(d) National Treasury guidelines;
(e) Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
(f) Achievement of full cost recovery of specific user charges;
(g) Determining tariff escalation rate by establishing/calculating revenue requirements;
(h) The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
(i) And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/2018 MTREF on the different revenue categories are:

Rates and Services Charges Tariffs Increase %:	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Property Rates	6,40%	6,40%	5,70%	5,60%	5,50%	5,50%
Electricity	7,63%	2,12%	7,82%	7,43%	7,73%	7,37%
Water	37,00%	7,78%	7,81%	7,92%	7,93%	8,03%
Refuse Removal	6,93%	7,78%	7,81%	7,92%	7,93%	8,03%
Sewerage	-18,00%	7,78%	7,81%	7,92%	7,93%	8,03%
Concession Area - Water and Sanitation	11,82%					
Average Increase - Non-Concession Area	7,99%	6,37%	7,39%	7,36%	7,40%	7,39%
Average Increase - Concession Area	8,20%	5,43%	7,11%	6,98%	7,05%	6,97%
Sundry charges tariffs and fees	12,00%	10,00%	10,00%	10,00%	10,00%	10,00%

2.6.7 Funding compliance measurement

National Treasury requires that the City assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the City. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows.The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.6.4 Funding Compliance measures

The cash and cash equivalents as reflected on table A7 indicates that the City will have positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R210 million, R447 million and R852 million for each year respectively.

2.6.5 Cash and cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the City's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/2018 MTREF shows R210 million, R447 million and R852 million for each respective financial year.

2.6.6 Cash plus investments less application of funds

The purpose of this measure is to understand how the City has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.7 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the City be under financial setbacks/risk from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the City be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward. For the 2017/2018 MTREF the indicative outcome shows that the City will be able to have cash for 1,2 months, 2,4 months in 2018/2019 and increasing to 4,2 months in 2019/2020 which is below the norm of 1:3 in 2017/2018.

2.6.8 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the City's resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For 2017/2018 MTREF the indicative outcome is a surplus of R648 million, R604 million and R661 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.9 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the City is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.10 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 96, 1 per cent, 96,8 per cent and 97,5 per cent for each of the respective financial years. Given that the assumed collection rate is based on a 96 per cent performance target, the cash flow statement has been conservatively determined.

2.6.11 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6 percent in 2016/2017 decreased to 3,4 percent in 2017/2018 and 2,4 percent in 2019/2020.

2.6.12 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The City aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.13 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a City's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that no borrowing planned for the medium term.

2.6.14 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.15 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors' accounts within 30 days.

2.6.16 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because of a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected, for 2017/2018 repairs and maintenance showing a per cent of 3,6 increasing to 4,6 per cent in 2019/2020.

2.6.17 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 BUDGET SUPPORTING TABLES

The 2017/2018 draft budget supporting tables are enlisted below;

MP326 City of Mbombela - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
REVENUE ITEMS:											
Property rates	6										
Total Property Rates					615,765	591,178	591,178	591,178	714,191	773,309	816,614
less Revenue Foregone ***(exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)***					187,959	187,959	187,959	187,959	200,525	211,955	223,824
Net Property Rates		–	–	–	**427,805**	**403,218**	**403,218**	**403,218**	**513,667**	**561,354**	**592,790**
Service charges - electricity revenue	6										
Total Service charges - electricity revenue					996,508	904,581	904,581	898,731	1,010,135	1,099,365	1,182,395
less Revenue Foregone ***(in excess of 50 kwh per indigent household per month)***					57,428	57,428	57,428	57,428	63,171	69,488	76,437
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	5,850	5,850	5,850		5,832	5,832	5,832
Net Service charges - electricity revenue		**–**	**–**	**–**	**933,229**	**841,302**	**841,302**	**841,302**	**941,132**	**1,024,045**	**1,100,126**
Service charges - water revenue	6										
Total Service charges - water revenue					**253,995**	**237,295**	**237,295**	**188,981**	**205,505**	**223,026**	**242,249**
less Revenue Foregone ***(in excess of 6 kilolitres per indigent household per month)***					**114,437**	**114,437**	**114,437**	**114,437**	99,566	109,523	120,475
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	48,314	48,314	48,314		9,126	9,126	9,126
Net Service charges - water revenue		**–**	**–**	**–**	**91,244**	**74,544**	**74,544**	**74,544**	**96,812**	**104,377**	**112,647**
Service charges - sanitation revenue											
Total Service charges - sanitation revenue					**79,137**	**82,254**	**82,254**	**33,941**	**49,991**	**53,430**	**57,198**
less Revenue Foregone ***(in excess of free sanitation service to indigent households)***					**10,258**	**10,258**	**10,258**	**10,258**	**11,284**	**12,412**	**13,653**
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	48,314	48,314	48,314		9,126	9,126	9,126
Net Service charges - sanitation revenue		**–**	**–**	**–**	**20,565**	**23,683**	**23,683**	**23,683**	**29,581**	**31,892**	**34,419**
Service charges - refuse revenue	6										
Total refuse removal revenue					169,091	158,653	158,653	124,282	161,922	173,168	188,237
Total landfill revenue					–	–	–	–			
less Revenue Foregone ***(in excess of one removal a week to indigent households)***					34,371	34,371	34,371	34,371	37,808	41,589	45,748
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	34,371	34,371	34,371		13,112	9,920	11,191
Net Service charges - refuse revenue		**–**	**–**	**–**	**100,348**	**89,911**	**89,911**	**89,911**	**111,002**	**121,659**	**131,298**
Other Revenue by source											
ADMINISTRATIVE HANDLING FEES					3,367	3,367	3,367	3,367	3,704	4,075	4,482
ADVERTISEMENTS					1,728	1,728	1,728	1,728	1,901	2,091	2,300
BAD DEBTS RECOVERED					43,331	43,331	43,331	43,331	42,807	23,544	2,590
CEMETERY & BURIAL					761	761	761	761	837	921	1,013
COLLECTION CHARGES					2,225	2,225	2,225	2,225	2,448	2,693	2,962
COMMISSION: TRANSACTION HANDLING FEES					2,139	2,139	2,139	2,139	2,353	2,588	2,847
PLAN & DEV: AMENDMENT FEES					444	444	444	444	488	537	591
BUILDING PLANS & CLEARANCE CERTIFICATES					21,400	15,373	15,373	15,373	4,139	4,553	5,008
SALE OF PROPERTY					1,475	1,475	1,475	1,475	1,623	1,785	1,964
SALE OF DOCUMENTS					700	700	700	700	770	847	931
SKILLS DEVELOPMENT LEVY REFUND					1,140	1,140	1,140	1,140	1,254	1,379	1,517
OTHER REVENUE	3				3,560	–	–	–	1,366	1,503	1,653
Total 'Other' Revenue	1	**–**	**–**	**–**	**82,271**	**72,685**	**72,685**	**72,685**	**63,690**	**46,515**	**27,858**

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2				448,915	394,191	394,191	394,191	410,153	453,236	499,782
Pension and UIF Contributions					71,802	71,802	71,802	71,802	88,851	94,804	101,061
Medical Aid Contributions					28,538	28,538	28,538	28,538	35,755	38,151	40,669
Overtime					40,324	40,324	40,324	40,324	54,880	58,557	62,422
Performance Bonus					–	–	–	–	–	–	–
Motor Vehicle Allowance					30,010	36,010	36,010	36,010	35,400	37,771	40,264
Cellphone Allowance					2,916	2,916	2,916	2,916	3,840	4,097	4,367
Housing Allowances					8,252	8,252	8,252	8,252	4,756	5,075	5,410
Other benefits and allowances					18,163	18,163	18,163	18,163	63,336	67,580	72,040
Payments in lieu of leave					1,663	1,663	1,663	1,663	3,596	3,837	4,090
Long service awards					4,775	4,775	4,775	4,775	–	–	–
Post-retirement benefit obligations	4				9,629	9,629	9,629	9,629	30,594	32,643	34,798
sub-total	5	–	–	–	**664,987**	**616,263**	**616,263**	**616,263**	**731,161**	**795,751**	**864,904**
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	–	–	–	**664,987**	**616,263**	**616,263**	**616,263**	**731,161**	**795,751**	**864,904**
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment					257,872	219,424	219,424	219,424	260,361	269,123	279,538
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	–	–	–	**257,872**	**219,424**	**219,424**	**219,424**	**260,361**	**269,123**	**279,538**
Bulk purchases											
Electricity Bulk Purchases					607,982	488,208	488,208	488,208	607,756	656,377	708,887
Water Bulk Purchases					32,993	29,170	29,170	29,170	33,179	35,866	38,520
Total bulk purchases	1	–	–	–	**640,974**	**517,378**	**517,378**	**517,378**	**640,935**	**692,243**	**747,407**
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		–	–	–	188,453	34,020	34,020	34,020	37,196	35,208	37,743
Total transfers and grants	1	–	–	–	**188,453**	**34,020**	**34,020**	**34,020**	**37,196**	**35,208**	**37,743**
Contracted services											
OS: SECURITY SERVICES					36,071	36,071	36,071	36,071	43,538	45,824	47,909
LEGAL COST					8,536	8,536	8,536	8,536	8,658	9,113	9,528
CONTR: MAINT OF BUILDINGS & FACILITIES					16,548	16,548	16,548	16,548	17,416	18,331	19,165
CONTR: ELECTRICAL					17,389	17,389	17,389	17,389	19,303	20,871	23,255
SPECIAL IDP PROJECT					48,087	135,401	135,401	135,401	67,413	72,027	82,071
CONTR: GARDENING SERVICES					4,675	4,675	4,675	4,675	4,920	5,178	5,414
CONTR: MAINTENANCE OF EQUIPMENT					8,424	8,424	8,424	8,424	8,298	8,734	9,131
CONTR: MAINTENANCE OF UNSPECIFIED ASSETS					73,319	73,319	73,319	73,319	73,485	77,343	80,862
CONTR: TRAFFIC & STREET LIGHTS					7,050	7,050	7,050	7,050	5,631	5,927	6,196
CONTR: VEHICLE MAINTENANCE					11,079	11,079	11,079	11,079	10,755	11,320	11,835
MIG PLANNING&SUPPORT PIU C&PS:ENG CIVIL					28,349	28,349	28,349	28,349	23,522	24,757	25,884
PUB TRANSPORT PLAN&SUP C&PS:ENG CIVIL					35,798	35,798	35,798	35,798	50,400	53,046	55,460
PROJECT SUPPORT PSU RESEARCH & ADVISORY					13,580	13,580	13,580	13,580	16,000	16,840	17,606
OPR LEASES: BUILDINGS					4,057	4,057	4,057	4,057	3,203	3,371	3,524
OS: REFUSE REMOVAL					12,413	12,413	12,413	12,413	13,065	13,751	14,376
OPR LEASES: VEHICLES					2,938	2,938	2,938	2,938	3,092	3,254	3,402
OS: BURIAL SERVICES					1,937	1,937	1,937	1,937	2,038	2,145	2,243
OS: CLEANING SERVICES					4,080	4,080	4,080	4,080	4,295	4,520	4,726
OS: CLEARING & GRASS CUTTING SERVICES					14,037	14,037	14,037	14,037	11,511	12,116	12,667
OS: SEWERAGE SERVICES					20,197	20,197	20,197	20,197	19,153	20,158	21,076
OS: ILLEGAL DUMPING					9,154	9,154	9,154	9,154	4,898	5,155	5,390
OS: INTERNAL AUDITORS					1,694	1,694	1,694	1,694	1,783	1,876	1,961
OS: METER MANAGEMENT					10,478	10,478	10,478	10,478	8,186	8,615	9,007
OS: MINI DUMPING SITES					8,404	8,404	8,404	8,404	8,846	9,310	9,734
OTHER CONTRACTED					8,610	62,602	62,602	62,602	12,894	11,941	4,283
sub-total	1	–	–	–	**406,903**	**548,209**	**548,209**	**548,209**	**442,303**	**465,524**	**486,705**
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		–	–	–	**406,903**	**548,209**	**548,209**	**548,209**	**442,303**	**465,524**	**486,705**

Other Expenditure By Type											
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Consultant fees		–	–	–	7,508	7,508	7,508	7,508	8,065	8,664	9,246
Audit fees		–	–	–	3,456	3,456	3,456	3,456	3,713	3,988	4,256
General expenses	3	–	–	–	–	–	–	–	–	–	–
2010 LEGACY PROGRAMME		–	–	–	901	901	901	901	188	202	216
SKILLS DEVELOPMENT FUND LEVY		–	–	–	4,511	4,511	4,511	4,511	4,846	5,206	5,556
ANNUAL SPORTS PROGRAMME		–	–	–	859	859	859	859	869	934	997
SPECIAL IDP PROJECT		–	–	–	47,268	47,268	47,268	47,268	26,133	31,417	33,304
CHIEF WHIP PROGRAMME		–	–	–	843	843	843	843	605	650	694
FLEET&FUEL MAN SYSTEM VEHICLE TRACKING		–	–	–	3,499	3,499	3,499	3,499	3,759	4,038	4,309
HIV & AIDS PROGRAMME		–	–	–	455	455	455	455	273	294	313
IDP & BUDGET PROCESS		–	–	–	2,660	2,660	2,660	2,660	1,837	1,973	2,106
OTHER EXPENDITURE		–	–	–	16,660	2,286	2,286	2,286	100,886	123,986	146,221
MAYORAL CUP PROGRAMME		–	–	–	1,755	1,755	1,755	1,755	1,563	1,679	1,792
MAYORAL COMMITTEE CO ORFINATION PROGRAMME		–	–	–	770	770	770	770	408	438	467
MMS AND SMS SYSTEM SMS BULK		–	–	–	2,160	2,160	2,160	2,160	2,159	2,319	2,475
COMM - PHONE FAX TELEGRAPH & TELEX		–	–	–	6,231	6,231	6,231	6,231	7,767	8,344	8,904
BANK CHARGES		–	–	–	2,144	2,144	2,144	2,144	1,886	2,026	2,162
OUT O POCKET EXPNS REMUN WARD COMMITTEES		–	–	–	2,840	2,839	2,839	2,839	5,199	5,584	5,960
CATERING FOR MUNICIAPL SERVICES		–	–	–	2,356	2,356	2,356	2,356	1,672	1,796	1,917
INFORMATION TECHNOLOGY		–	–	–	25,144	25,144	25,144	25,144	27,128	29,141	31,099
INDIGENT RELIEF		–	–	–	6,079	6,079	6,079	6,079	6,530	7,015	7,486
INSURANCE		–	–	–	8,040	8,040	8,040	8,040	7,602	8,166	8,715
LEARNERSHIP & INRENSHIP		–	–	–	5,861	5,861	5,861	5,861	4,101	4,491	4,792
LICENCE FEES		–	–	–	77,437	77,437	77,437	77,437	83,182	89,355	95,359
MUNICIPAL SERVICES		–	–	–	53,505	53,505	53,505	53,505	92,333	95,839	102,531
Total 'Other' Expenditure	1	**–**	**–**	**–**	**282,941**	**268,568**	**268,568**	**268,568**	**392,703**	**437,542**	**480,876**
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure					230,100	230,100	230,100	230,100	267,445	313,585	368,797
Total Repairs and Maintenance Expenditure	9	–	–	–	230,100	230,100	230,100	230,100	267,445	313,585	368,797

MP326 City of Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - COUNCIL	Vote 2 - OFFICE OF COUNCIL	Vote 3 - MUNICIPAL MANAGER	Vote 4 - CITY PLANNING AND DEVLOPMEN	Vote 5 - CORPORATE SERVICES DEPARTMEN	Vote 6 - STRATEGIC MANAGEME NT	Vote 7 - FINANCIAL MANAGEME NT	Vote 8 - LEGAL SERVICES	Vote 9 - REGIONAL CENTRE COORDINATI	Vote 10 - COMMUNITY SERVICES	Vote 11 - PUBLIC WORKS, ROADS AND	Vote 12 - PUBLIC SAFETY	Vote 13 - WATER AND SANITATION	Vote 14 - ENERGY	Vote 15 - [NAME OF VOTE 15]	Total
Revenue By Source																	
Property rates		–	–	–	–	–	–	501,260	–	–	–	–	–	–	–	–	**501,260**
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	941,132	–	**941,132**
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	90,515	–	–	**90,515**
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	29,150	–	–	**29,150**
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	109,509	–	–	–	–	–	**109,509**
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–	22,876	–	–	–	–	–	**22,876**
Interest earned - external investments		–	–	–	–	–	–	8,946	–	–	–	–	–	–	–	–	**8,946**
Interest earned - outstanding debtors		–	–	–	–	–	–	23,735	–	–	–	–	–	–	–	–	**23,735**
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	29,944	–	–	–	**29,944**
Licences and permits		–	–	–	4,924	–	–	–	–	–	–	–	–	–	–	–	**4,924**
Agency services		–	–	–	–	–	–	–	–	–	–	–	189,601	–	–	–	**189,601**
Other revenue		–	–	–	–	–	–	83,092	–	–	–	–	–	–	–	–	**83,092**
Transfers and subsidies		–	–	–	–	–	–	616,644	–	–	48,112	72,024	–	–	7,000	–	**743,780**
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Total Revenue (excluding capital transfers and cont		**–**	**–**	**–**	**4,924**	**–**	**–**	**1,233,677**	**–**	**–**	**180,497**	**72,024**	**219,545**	**119,665**	**948,132**	**–**	**2,778,463**
Expenditure By Type																	
Employee related costs		–	13,587	9,585	38,431	70,978	20,883	90,458	–	–	192,352	63,440	96,339	67,575	67,533	–	**731,161**
Remuneration of councillors		39,598	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**39,598**
Debt impairment		–	–	–	–	–	–	39,835	–	–	7,666	–	18,739	9,573	33,131	–	**108,944**
Depreciation & asset impairment		9	394	32	7,532	4,659	155	32,717	–	–	73,256	59,223	4,688	54,426	23,270	–	**260,361**
Finance charges		–	68	–	927	87	21	38	–	–	5,608	13,173	206	1,286	4,356	–	**25,770**
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	33,179	607,756	–	**640,935**
Other materials		53	586	92	861	16,812	253	4,141	–	–	16,608	9,376	5,356	8,666	8,363	–	**71,168**
Contracted services		2,343	1,092	89,181	32,197	24,087	7,799	38,712	–	–	70,543	102,329	58,621	63,731	35,029	–	**525,664**
Transfers and subsidies		–	111	447	2,118	516	–	4,566	–	–	43	3	155	29,238	–	–	**37,196**
Other expenditure		6,665	8,450	12,217	2,607	43,499	6,551	23,780	–	–	25,999	1,302	86,829	46,988	21,561	–	**286,447**
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Total Expenditure		**48,668**	**24,287**	**111,553**	**84,673**	**160,639**	**35,662**	**234,246**	**–**	**–**	**392,075**	**248,846**	**270,933**	**314,662**	**801,000**	**–**	**2,727,245**
Surplus/(Deficit)		**(48,668)**	**(24,287)**	**(111,553)**	**(79,749)**	**(160,639)**	**(35,662)**	**999,430**	**–**	**–**	**(211,578)**	**(176,823)**	**(51,387)**	**(194,997)**	**147,132**	**–**	**51,219**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	40,000	–	–	–	–	–	–	486,302	–	40,000	31,000	–	**597,302**
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Surplus/(Deficit) after capital transfers & contributions		**(48,668)**	**(24,287)**	**(111,553)**	**(39,749)**	**(160,639)**	**(35,662)**	**999,430**	**–**	**–**	**(211,578)**	**309,480**	**(51,387)**	**(154,997)**	**178,132**	**–**	**648,521**

MP326 City of Mbombela - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Call investment deposits											
Call deposits											
Other current investments											
Total Call investment deposits	2	–	–	–	–	–	–	–	–	–	–
Consumer debtors											
Consumer debtors					105,507	242,116	248,266	248,266	258,897	269,983	278,082
Less: Provision for debt impairment											
Total Consumer debtors	2	–	–	–	**105,507**	**242,116**	**248,266**	**248,266**	**258,897**	**269,983**	**278,082**
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)					5,816,015	5,816,015	7,143,386	7,143,386	7,438,890	7,689,218	7,986,788
Leases recognised as PPE	3										
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	–	–	–	**5,816,015**	**5,816,015**	**7,143,386**	**7,143,386**	**7,438,890**	**7,689,218**	**7,986,788**
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities					20,410	20,410	22,362	22,362	20,410	21,596	17,209
Total Current liabilities - Borrowing		–	–	–	**20,410**	**20,410**	**22,362**	**22,362**	**20,410**	**21,596**	**17,209**
Trade and other payables											
Trade and other creditors					505,826	354,078	381,335	381,335	378,929	408,134	438,462
Unspent conditional transfers						101,751	101,751	101,751	88,589	77,072	67,053
VAT											
Total Trade and other payables	2	–	–	–	**505,826**	**455,829**	**483,086**	**483,086**	**467,518**	**485,206**	**505,514**
Non current liabilities - Borrowing											
Borrowing	4				287,233	287,233	282,781	282,781	262,371	240,775	223,565
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		–	–	–	**287,233**	**287,233**	**282,781**	**282,781**	**262,371**	**240,775**	**223,565**
Provisions - non-current											
Retirement benefits					91,882	91,882	110,675	110,675	111,782	112,900	114,029
List other major provision items											
Refuse landfill site rehabilitation					261,728	261,728	185,470	185,470	187,325	189,198	191,090
Other					–	–	–	–			
Total Provisions - non-current		–	–	–	**353,610**	**353,610**	**296,145**	**296,145**	**299,107**	**302,098**	**305,119**
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance					4,804,020	4,951,383	6,428,394	6,428,394	6,730,156	7,275,597	7,931,863
GRAP adjustments					–	–	–	–	–	–	–
Restated balance		–	–	–	4,804,020	4,951,383	6,428,394	6,428,394	6,730,156	7,275,597	7,931,863
Surplus/(Deficit)		–	–	–	531,118	516,684	516,684	516,684	648,521	604,555	660,574
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	–	–	–	**5,335,137**	**5,468,067**	**6,945,078**	**6,945,078**	**7,378,677**	**7,880,152**	**8,592,437**
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	–	**5,335,137**	**5,468,067**	**6,945,078**	**6,945,078**	**7,378,677**	**7,880,152**	**8,592,437**

MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development						68,807	61,927	61,927	75,688	83,257	91,583
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Setlement supported by Infrastructure Development	Infrastructure & sustainable services						1,425,186	1,282,667	1,282,667	1,467,839	1,525,207	1,627,337
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development						111,028	99,925	99,925	122,131	134,344	147,778
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation						59,338	53,405	53,405	65,272	71,800	78,979
To ensure legally sound Financial viability and Management	Financial management & viability						1,542,353	1,422,251	1,422,251	1,600,449	1,670,835	1,786,747
								–	–	–	–	–
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	–	**3,206,713**	**2,920,175**	**2,920,175**	**3,331,380**	**3,485,442**	**3,732,424**

MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development						59,796	47,836	47,836	53,816	48,434	43,591
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human	Infrastructure & sustainable services						1,125,769	1,111,877	1,111,877	1,238,346	1,362,180	1,498,398
							–	–	–	–	–	–
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development						661,116	595,004	595,004	682,841	796,561	903,734
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation						342,666	308,399	308,399	376,932	414,625	456,088
To ensure legally sound Financial viability and Management	Financial management & viability						486,249	340,374	340,374	330,924	259,087	170,039
										–	–	–
Allocations to other priorities												
Total Expenditure			1	–	–	–	**2,675,595**	**2,403,491**	**2,403,491**	**2,682,858**	**2,880,887**	**3,071,850**

MP326 City of Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
To initiate a strong and sustainable Local/Regional Economic Development	Economic Development	A					55,424	55,424	55,424	40,606	61,350	66,166
		B								–	–	–
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human	Infrastructure & sustainable services	C					518,829	508,534	508,534	488,199	455,499	513,748
		D						–	–	–	–	–
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	E					26,620	26,620	26,620	44,700	23,567	24,657
		F										
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	G					17,866	17,866	17,866	25,480	19,212	22,391
		H										
To ensure legally sound Financial viability and Management	Financial management & viability	I					132,980	132,980	132,980	8,149	10,399	13,902
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	–	–	–	751,719	741,424	741,424	607,134	570,027	640,865

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating					Baa1.za	Baa1.za	Baa1.za	Baa1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	2.6%	4.3%	4.3%	4.3%	1.7%	1.6%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	3.6%	5.9%	5.9%	5.9%	2.3%	2.0%	1.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	38.3%	38.3%	38.3%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	–	–	0.9	1.2	1.0	1.0	1.2	1.7	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	0.9	1.2	1.0	1.0	1.2	1.7	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	–	0.4	0.2	0.2	0.4	0.8	1.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	97.8%	96.0%	96.0%	96.0%	117.8%	117.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	97.8%	96.0%	96.0%	96.0%	97.7%	97.7%	98.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	8.9%	16.7%	14.3%	14.3%	12.0%	11.5%	11.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))				90.0%	90.0%	90.0%	95.0%	95.0%	95.0%	95.0%
Creditors to Cash and Investments		0.0%	0.0%	0.0%	204.5%	182.8%	299.6%	299.6%	180.6%	91.3%	51.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				67704462.49	67704462.49	67704462.49	67704462.49	60934016.24	54840614.61	49356553.15
	Total Cost of Losses (Rand '000)				48,747	48,747	48,747	43,872	39,485	35,537	31,983
	% Volume (units purchased and generated less units sold)/units purchased and generated				0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)				951	951	951	951	856	770	693
	Total Cost of Losses (Rand '000)				3755667	3755667	3755667	3755667	3380100.3	3042090.27	2737881.243
	% Volume (units purchased and generated less units sold)/units purchased and generated				0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	25.3%	27.9%	27.9%	27.9%	26.7%	27.0%	27.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	23.0%	29.4%	29.4%		28.2%	27.9%	27.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	8.8%	10.4%	10.4%		9.8%	10.7%	11.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	11.6%	11.3%	11.3%	11.3%	10.5%	9.9%	9.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	19.2	19.2	19.2	34.5	37.4	40.0	42.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	14.5%	25.4%	21.7%	21.7%	19.1%	18.2%	17.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	1.5	1.2	0.8	0.8	1.2	2.4	4.2

MP326 City of Mbombela Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	–	247,330	193,654	127,296	127,296	209,867	447,137	852,269
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	–	108,916	230,205	86,922	86,922	196,323	442,875	835,873
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	–	1.5	1.2	0.8	0.8	1.2	2.4	4.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	–	531,118	516,684	516,684	516,684	648,521	604,555	660,574
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(14.9%)	(6.0%)	(6.0%)	12.1%	2.9%	0.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	95.8%	94.2%	94.2%	94.2%	96.1%	96.8%	97.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	6.1%	5.7%	5.7%	5.7%	3.4%	3.4%	2.4%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	58.8%	(14.7%)	0.0%	(11.4%)	3.8%	2.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	4.0%	4.0%	3.2%	3.7%	3.6%	4.1%	4.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	59.3%	48.7%	48.7%	0.0%	51.8%	55.0%	45.3%

References

1. Positive cash balances indicative of minimum compliance - subject to 2

2. Deduct cash and investment applications (defined) from cash balances

3. Indicative of sufficient liquidity to meet average monthly operating payments

4. Indicative of funded operational requirements

5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

6. Realistic average cash collection forecasts as % of annual billed revenue

7. Realistic average increase in debt impairment (doubtful debt) provision

8. Indicative of planned capital expenditure level & cash payment timing

9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing

10. Substantiation of National/Province allocations included in budget

11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators												
% incr *total service charges (incl prop rates)*	18(1)a			0.0%	0.0%	0.0%	(8.9%)	0.0%	(0.0%)	18.1%	8.9%	6.9%
% incr Property Tax	18(1)a			0.0%	0.0%	0.0%	(5.7%)	0.0%	0.0%	27.4%	9.3%	5.6%
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	(9.9%)	0.0%	(0.0%)	11.9%	8.8%	7.4%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	(18.3%)	0.0%	(0.0%)	29.9%	7.8%	7.9%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	15.2%	0.0%	0.0%	24.9%	7.8%	7.9%
% incr Service charges - refuse revenue	18(1)a			0.0%	0.0%	0.0%	(10.4%)	0.0%	0.0%	23.5%	9.6%	7.9%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	–	–	1,573,192	1,432,658	1,432,658	1,432,658	1,692,193	1,843,327	1,971,280
Service charges			–	–	–	1,573,192	1,432,658	1,432,658	1,432,658	1,692,193	1,843,327	1,971,280
Property rates			–	–	–	427,805	403,218	403,218	403,218	513,667	561,354	592,790
Service charges - electricity revenue			–	–	–	933,229	841,302	841,302	841,302	941,132	1,024,045	1,100,126
Service charges - water revenue			–	–	–	91,244	74,544	74,544	74,544	96,812	104,377	112,647
Service charges - sanitation revenue			–	–	–	20,565	23,683	23,683	23,683	29,581	31,892	34,419
Service charges - refuse removal			–	–	–	100,348	89,911	89,911	89,911	111,002	121,659	131,298
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			–	–	–	28,855	18,185	18,185	18,185	22,876	25,163	27,680
Capital expenditure excluding capital grant funding			–	–	–	146,613	137,138	137,138	137,138	91,205	103,308	131,184
Cash receipts from ratepayers	18(1)a		–	–	–	1,827,273	1,625,969	1,625,969	1,625,969	1,950,489	2,120,103	2,271,309
Ratepayer & Other revenue	18(1)a		–	–	–	1,908,278	1,726,588	1,726,588	1,726,588	2,029,464	2,190,781	2,330,171
Change in consumer debtors (current and non-current)			(52,494)	–	–	232,444	369,053	314,962	314,962	94,482	12,446	9,487
Operating and Capital Grant Revenue	18(1)a		–	–	–	1,288,700	1,185,586	1,185,586	1,185,586	1,292,970	1,284,821	1,391,429
Capital expenditure - total	20(1)(vi)		–	–	–	751,719	741,424	741,424	741,424	607,134	570,027	640,865
Capital expenditure - renewal	20(1)(vi)		–	–	–	445,527	361,326	361,326		314,413	313,391	290,607
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										630,358	673,708	726,461
DoRA capital grants total MFY										662,612	611,113	664,968
Provincial operating grants										–	–	–
Provincial capital grants										–	–	–
District Municipality grants										–	–	–
Total gazetted/advised national, provincial and district grants										1,292,970	1,284,821	1,391,429
Average annual collection rate (arrears inclusive)												

DoRA operating												
Equitable Share										608,678	662,052	712,545
Financial Management Grant (FMG)										3,400	3,656	3,916
Municipal Demarcation Transition Grant										4,566	–	–
EDMS & EPWP										13,714	8,000	10,000
										630,358	**673,708**	**726,461**
DoRA capital												
Municipal Infrastructure Grant (MIG)										339,939	360,701	382,612
Water Services Infrastructure Grant										40,000	40,000	45,000
Neighbourhood Development Partnership Grant										40,000	60,000	60,000
PTNG & INEP GRATNS										242,673	150,412	177,356
										662,612	**611,113**	**664,968**
Trend												
Change in consumer debtors (current and non-current)			(52,494)	–	–	314,962	94,482	12,446	9,487	–	–	–
Total Operating Revenue			–	–	–	2,625,428	2,210,112	2,210,112	2,210,112	2,734,077	2,943,674	3,141,081
Total Operating Expenditure			–	–	–	2,675,595	2,403,491	2,403,491	2,403,491	2,682,858	2,880,887	3,071,850
Operating Performance Surplus/(Deficit)			–	–	–	(50,167)	(193,379)	(193,379)	(193,379)	51,219	62,787	69,230
Cash and Cash Equivalents (30 June 2012)										209,867		
Revenue												
% Increase in Total Operating Revenue				0.0%	0.0%	0.0%	(15.8%)	0.0%	(0.0%)	23.7%	7.7%	6.7%
% Increase in Property Rates Revenue				0.0%	0.0%	0.0%	(5.7%)	0.0%	0.0%	27.4%	9.3%	5.6%
% Increase in Electricity Revenue				0.0%	0.0%	0.0%	(9.9%)	0.0%	(0.0%)	11.9%	8.8%	7.4%
% Increase in Property Rates & Services Charges				0.0%	0.0%	0.0%	(8.9%)	0.0%	(0.0%)	18.1%	8.9%	6.9%
Expenditure												
% Increase in Total Operating Expenditure				0.0%	0.0%	0.0%	(10.2%)	0.0%	0.0%	11.6%	7.4%	6.6%
% Increase in Employee Costs				0.0%	0.0%	0.0%	(7.3%)	0.0%	0.0%	18.6%	8.8%	8.7%
% Increase in Electricity Bulk Purchases				0.0%	0.0%	0.0%	(19.7%)	0.0%	0.0%	24.5%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)					0	330182.1733				316382.7789		
Average Cost Per Councillor (Remuneration)					0	432443.5877				439975.0111		
R&M % of PPE			0.0%	0.0%	0.0%	4.0%	4.0%	3.2%		3.6%	4.1%	4.6%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	0.0%	11.0%	10.0%	10.0%		9.0%	9.0%	9.0%
Debt Impairment % of Total Billable Revenue			0.0%	0.0%	0.0%	6.1%	5.7%	5.7%	5.7%	3.4%	3.4%	2.4%
Capital Revenue												
Internally Funded & Other (R'000)			–	–	–	146,613	137,138	137,138	137,138	91,205	103,308	131,184
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			–	–	–	605,106	604,286	604,286	604,286	515,929	466,719	509,681
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	0.0%	0.0%	80.5%	81.5%	81.5%	81.5%	85.0%	81.9%	79.5%
Capital Expenditure												
Total Capital Programme (R'000)			–	–	–	751,719	741,424	741,424	741,424	607,134	570,027	640,865
Asset Renewal			–	–	–	445,527	361,326	361,326	361,326	314,413	313,391	290,607
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	59.3%	48.7%	48.7%	48.7%	51.8%	55.0%	45.3%
Cash												
Cash Receipts % of Rate Payer & Other			0.0%	0.0%	0.0%	95.8%	94.2%	94.2%	94.2%	96.1%	96.8%	97.5%
Cash Coverage Ratio			–	–	–	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										Baa1.za		
Capital Charges to Operating			0.0%	0.0%	0.0%	2.6%	4.3%	4.3%	4.3%	1.7%	1.6%	1.3%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			–	–	–	108,916	230,205	86,922	86,922	196,323	442,875	835,873
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	24.6%	24.6%	12.3%		6.1%	5.1%	5.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	21.1%	23.3%	23.3%		20.2%	20.2%	20.5%
High Level Outcome of Funding Compliance												
Total Operating Revenue			–	–	–	2,625,428	2,210,112	2,210,112	2,210,112	2,734,077	2,943,674	3,141,081
Total Operating Expenditure			–	–	–	2,675,595	2,403,491	2,403,491	2,403,491	2,682,858	2,880,887	3,071,850
Surplus/(Deficit) Budgeted Operating Statement			–	–	–	(50,167)	(193,379)	(193,379)	(193,379)	51,219	62,787	69,230
Surplus/(Deficit) Considering Reserves and Cash Backing			–	–	–	108,916	230,205	86,922	86,922	196,323	442,875	835,873
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

MP326 City of Mbombela - Supporting Table SA11 Property rates summary

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Valuation:	1									
Date of valuation:					2014/2015					
Financial year valuation used					**Yes**			**2016/2017**		
Municipal by-laws s6 in place? (Y/N)	2				Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)					No			Yes		
Municipal partnership s38 used? (Y/N)						No	No			
No. of assistant valuers (FTE)	3							–	–	–
No. of data collectors (FTE)	3							–	–	–
No. of internal valuers (FTE)	3				1			1	1	1
No. of external valuers (FTE)	3					1	1	–	–	–
No. of additional valuers (FTE)	4							–	–	–
Valuation appeal board established? (Y/N)								Yes		
Implementation time of new valuation roll (mths)					64,955			2,018		
No. of properties	5				5,184	5,184	5,184	79,895	79,895	79,895
No. of sectional title values	5				–	–	–	5,370	5,370	5,370
No. of unreasonably difficult properties s7(2)								–	–	–
No. of supplementary valuations								4	4	4
No. of valuation roll amendments					–	–	–	–		
No. of objections by rate payers					–	–	–	1,277	1,277	1,277
No. of appeals by rate payers					–	–	–	75	75	75
No. of successful objections	8				–	–	–			
No. of successful objections > 10%	8				1	1	1			
Supplementary valuation					109,189,903	109,189,903	109,189,903			
Public service infrastructure value (Rm)	5				785	785	785	115	115	115
Municipality owned property value (Rm)								1,349	1,349	1,349
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)					44	44	44	115	115	115
Valuation reductions-nature reserves/park (Rm)								236	236	236
Valuation reductions-mineral rights (Rm)					–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)					837	837	837	880	880	880
Valuation reductions-public worship (Rm)					371	371	371	419	419	419
Valuation reductions-other (Rm)					3,088	3,088	3,088	3,914	3,914	3,914
Total valuation reductions:		–	–	–	**4,340**	**4,340**	**4,340**	**5,564**	**5,564**	**5,564**
Total value used for rating (Rm)	5				42,234	42,234	42,234	45,082	45,082	45,082
Total land value (Rm)	5				–	–	–	–	–	–
Total value of improvements (Rm)	5				–	–	–	–	–	–
Total market value (Rm)	5				42,234	42,234	42,234	45,082	45,082	45,082
Rating:										
Residential rate used to determine rate for other categories? (Y/N)					Yes					
Differential rates used? (Y/N)	5				Yes					
Limit on annual rate increase (s20)? (Y/N)					No	No	No			
Special rating area used? (Y/N)					No					
Phasing-in properties s21 (number)					0	0	0			
Rates policy accompanying budget? (Y/N)					Yes					
Fixed amount minimum value (R'000)					–					
Non-residential prescribed ratio s19? (%)					0.0%					
Rate revenue:										
Rate revenue budget (R '000)	6				404,054	404,054	404,054			
Rate revenue expected to collect (R'000)	6				371,730	371,730	371,730			
Expected cash collection rate (%)					92.0%	92.0%	92.0%			
Special rating areas (R'000)	7				–	–	–			
Rebates, exemptions - indigent (R'000)					5,162	5,162	5,162			
Rebates, exemptions - pensioners (R'000)					3,441	3,441	3,441			
Rebates, exemptions - bona fide farm. (R'000)					–	–	–			
Rebates, exemptions - other (R'000)					163,454	163,454	163,454			
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,reductns,discs (R'000)		–	–	–	**172,057**	**172,057**	**172,057**	–	–	–

MP326 City of Mbombela - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2016/17																	
Valuation:																	
No. of properties		68,409	61	2,999	4,570	867	1,699	464	279		523					26	
No. of sectional title property values		4,765	–	547	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations		4	4	4	4	4	4	4	4	4	4	4	–	–	–	4	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers		982	–	216	79	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		37	–	25	13	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		37	–	25	13	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued		3															
Years since last valuation **(select)**																	
Frequency of valuation **(select)**																	
Method of valuation used **(select)**																	
Base of valuation **(select)**																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		–	–	–	–	–	–	115	–	–	–	–	–	–	–		–
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)		880	–	–	–	–	–	–	–	–	–	–		–	–	–	–
Valuation reductions-public worship (Rm)		–	–	–		–	–	–	–	–	–	–	–	–	–	419	–
Valuation reductions-other (Rm)	2	3,914										–					
Total valuation reductions:																	
Total value used for rating (Rm)	6	23,393	36	13,011	7,550	2,536	1,349	115		–		770				203	
Total land value (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–
Total value of improvements (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total market value (Rm)	6	**23,393**	**36**	**13,011**	**7,550**	**2,536**	**1,349**	**115**				**770**				**203**	**–**
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

MP326 City of Mbombela - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2017/18																	
Valuation:																	
No. of properties		68,409	61	2,999	4,570	867	1,699	464	279		523					26	
No. of sectional title property values		4,765	–	547	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations		4	4	4	4	4	4	4	4	4	4	4	–	–	–	4	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers		982	–	216	79	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		37	–	25	13	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		37	–	25	13	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation **(select)**																	
Frequency of valuation **(select)**																	
Method of valuation used **(select)**																	
Base of valuation **(select)**																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		–	–	–	–	–	–	115	–	–	–	–	–	–	–		–
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)		880	–	–	–	–	–	–	–	–	–	–		–	–	–	–
Valuation reductions-public worship (Rm)		–	–	–		–	–	–	–	–	–	–	–	–	–	419	–
Valuation reductions-other (Rm)	2	3,914										–					
Total valuation reductions:																	
Total value used for rating (Rm)	6	23,393	36	13,011	7,550	2,536	1,349	115		–		770				203	
Total land value (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–
Total value of improvements (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total market value (Rm)	**6**	**23,393**	**36**	**13,011**	**7,550**	**2,536**	**1,349**	**115**				**770**				**203**	**–**

MP326 City of Mbombela - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates *(rate in the Rand)*	1								
Residential properties						0.8944	0.9512	1.0054	1.0617
Residential properties - vacant land						-	-	-	-
Formal/informal settlements						0.8944	0.9512	1.0054	1.0617
Small holdings						-	-	-	-
Farm properties - used						0.2236	0.2378	0.2514	0.2654
Farm properties - not used						-	-	-	-
Industrial properties						-	-	-	-
Business and commercial properties						2.2359	2.3781	2.5137	2.6544
Communal land - residential						0.8944	0.9512	1.0054	1.0617
Communal land - small holdings						-	-	-	-
Communal land - farm property						-	-	-	-
Communal land - business and commercial						-	-	-	-
Communal land - other						-	-	-	-
State-owned properties						2.6831	2.8537	3.0163	3.1852
Municipal properties								-	-
Public service infrastructure						0.2236	0.2378	0.2514	0.2654
Privately owned towns serviced by the								-	-
State trust land						0.8944	0.9512	1.0054	1.0617
Restitution and redistribution properties									-
Protected areas									-
National monuments properties									-
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshhold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate						80,000	80,000	80,000	80,000
Indigent rebate or exemption						100	100	100	100
Pensioners/social grants rebate or exemption						100	100	100	100
Temporary relief rebate or exemption						-	-	-	-
Bona fide farmers rebate or exemption						8	8	8	8
Other rebates or exemptions	2					-	-	-	-
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*						-	-	-	-
Service point - vacant land *(Rands/month)*						-	-	-	-
Water usage - flat rate tariff *(c/kl)*						-	-	-	-
Water usage - life line tariff		(describe structure)				-	-	-	-
Water usage - Block 1 (c/kl)		(fill in thresholds)				-	-	-	-
Water usage - Block 2 (c/kl)		(fill in thresholds)				2,397	2,584	2,794	3,051
Water usage - Block 3 (c/kl)		(fill in thresholds)				2,161	2,330	2,518	2,750
Water usage - Block 4 (c/kl)		(fill in thresholds)				2,049	2,209	2,388	2,608
Other	2					-	-	-	-
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*						-	-	-	-
Service point - vacant land *(Rands/month)*						-	-	-	-
FBE		(how is this targeted?)				-	-	-	-
Life-line tariff - meter		(describe structure)				-	-	-	-
Life-line tariff - prepaid		(describe structure)				-	-	-	-
Flat rate tariff - meter *(c/kwh)*						-	-	-	-
Flat rate tariff - prepaid*(c/kwh)*						-	-	-	-
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)				91	93	100	107
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)				117	120	129	138
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)				152	155	167	179
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)				174	178	192	206
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)				-	-	-	-
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)				91	93	100	107
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)				117	120	129	138
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)				152	155	167	179
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)				174	178	192	206
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)				-	-	-	-
Other	2					-	-	-	-

MP326 City of Mbombela - Supporting Table SA13b Service Tariffs by category - explanatory									
Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Exemptions, reductions and rebates *(Rands)*									
ASSESSMENT RATES REBATES - RESIDENTIAL						0.89436334	0.89436334	0.89436334	0.89436334
PUBLIC SERVICE INFRASTRUCTURE - FIRST						0.223619084	0.223619084	0.223619084	0.223619084
Water tariffs									
BUSINESS COMMERCIAL INDUSTRIAL		(fill in thresholds)				18.282102	20	21	23
BULK CUSTOMERS OUTSIDE MUNICIPAL AREA		(fill in thresholds)				20.078172	22	23	25
MUNICIPAL DEPARTMENTS		(fill in thresholds)				4.582102	5	21	23
		(fill in thresholds)							-
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
BASIC CHARGE		(fill in structure)				83.24558	90	97	104
BORE HOLES		(fill in structure)				169.99994	183	198	213
BUSINESS COMMERCIAL INDUSTRIAL		(fill in structure)				3744.50868	4,037	4,352	4,697
PINE LAKE INN		(fill in structure)				2796.97572	3,015	3,251	3,508
INDUSTRIAL GOVERNMENT - TRANSNET		(fill in structure)				299.57224	323	348	376
BORE HOLES		(fill in structure)				366.81634	395	426	460
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
BAFFALLO, KUDU AND HIPPO		(fill in thresholds)				91	93	100	107
BAFFALLO, KUDU AND HIPPO		(fill in thresholds)				117	120	129	138
BAFFALLO, KUDU AND HIPPO		(fill in thresholds)				152	155	167	179
BAFFALLO, KUDU AND HIPPO		(fill in thresholds)				174	178	192	206
		(fill in thresholds)				-	-	-	-
						-	-	-	-
RHINO						190	194	209	225
LION LOW TENSION						98	100	108	116
LION LOW TENSION						74	75	81	87
LION LOW TENSION						75	76	82	88
LION LOW TENSION						1,696	1,732	1,867	2,006
LION LOW TENSION						-	-	-	-
						-	-	-	-
CHEETAH HIGH TENSION TARIFF						94	96	104	112
CHEETAH HIGH TENSION TARIFF						70	71	77	83
CHEETAH HIGH TENSION TARIFF						75	76	82	88
CHEETAH HIGH TENSION TARIFF						2,371	2,421	2,611	2,804
						-	-	-	-
NYALA HIGH DEMAND SEASON						371	379	409	439
NYALA HIGH DEMAND SEASON						146	149	161	172
NYALA HIGH DEMAND SEASON						85	86	93	100
NYALA HIGH DEMAND SEASON						21	21	23	25
						-	-	-	-
NYALA LOW DEMAND SEASON						156	159	171	184
NYALA LOW DEMAND SEASON						112	114	123	132
NYALA LOW DEMAND SEASON						75	76	82	88

MP326 City of Mbombela - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		–	–	–	323.50	323.50	323.50	6.4%	344.20	363.82	384.19
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	1,469.41	1,469.41	1,469.41	2.1%	1,500.56	1,617.60	1,737.79
Water: Basic levy		–	–	–	99.86	99.86	99.86	2.1%	101.95	109.90	118.04
Water: Consumption		–	–	–	465.41	465.41	465.41	7.8%	501.72	540.85	580.87
Sanitation		–	–	–	149.95	149.95	149.95	7.8%	161.64	174.25	190.28
Refuse removal		–	–	–	164.32	164.32	164.32	7.8%	177.14	191.49	206.61
Other		–	–	–	–	–	–	–	–	–	–
sub-total		**–**	**–**	**–**	**2,672.44**	**2,672.44**	**2,672.44**	**4.3%**	**2,787.20**	**2,997.91**	**3,217.79**
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total large household bill:		**–**	**–**	**–**	**2,672.44**	**2,672.44**	**2,672.44**	**4.3%**	**2,787.20**	**2,997.91**	**3,217.79**
% increase/-decrease			**–**	**–**	**–**	**–**	**–**		**4.3%**	**7.6%**	**7.3%**
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		–	–	–	219.14	219.14	219.14	6.4%	233.17	246.46	260.26
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	635.47	635.47	635.47	2.1%	648.81	699.42	751.39
Water: Basic levy		–	–	–	99.86	99.86	99.86	2.1%	101.95	109.90	118.59
Water: Consumption		–	–	–	368.45	368.45	368.45	7.8%	397.19	428.17	462.00
Sanitation		–	–	–	149.95	149.95	149.95	7.8%	161.64	174.25	188.01
Refuse removal		–	–	–	110.03	110.03	110.03	7.8%	118.62	127.87	139.63
Other		–	–	–	–	–	–	–	–	–	–
sub-total		**–**	**–**	**–**	**1,582.90**	**1,582.90**	**1,582.90**	**5.0%**	**1,661.38**	**1,786.07**	**1,919.88**
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		**–**	**–**	**–**	**1,582.90**	**1,582.90**	**1,582.90**	**5.0%**	**1,661.38**	**1,786.07**	**1,919.88**
% increase/-decrease			**–**	**–**	**–**	**–**	**–**		**5.0%**	**7.5%**	**7.5%**

MP326 City of Mbombela - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)					17,897	17,897	17,897	20,509	21,945	23,481
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	–	–	**17,897**	**17,897**	**17,897**	**20,509**	**21,945**	**23,481**
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		**–**	**–**	**–**	**17,897**	**17,897**	**17,897**	**20,509**	**21,945**	**23,481**

MP326 City of Mbombela - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)					287,233	287,233	287,233	262,371	240,775	223,565
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	–	**287,233**	**287,233**	**287,233**	**262,371**	**240,775**	**223,565**
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	–	–	–	**287,233**	**287,233**	**287,233**	**262,371**	**240,775**	**223,565**

MP326 City of Mbombela - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	**599,384**	**599,384**	**1,175,340**	**661,358**	**703,708**	**776,461**
Local Government Equitable Share					556,020	556,020	1,112,040	608,678	662,052	712,545
Finance Management					3,250	3,250	6,500	3,400	3,656	3,916
Municipal Systems Improvement					–	–	–	–	–	–
EPWP Incentive					5,686	5,686	11,372	6,714	–	–
Integrated National Electrification Programme					11,000	11,000	22,000	31,000	30,000	50,000
Other transfers/grants [EEDSM/MDTG]					23,428	23,428	23,428	11,566	8,000	10,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [EEDSM/MDTG]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	**16,533**	**16,533**	**33,066**	**16,997**	**18,035**	**19,131**
MIG/PTIG Operation					16,533	16,533	33,066	16,997	18,035	19,131
Disaster Relief / NDPG										
Total Operating Transfers and Grants	5	–	–	–	**615,917**	**615,917**	**1,208,406**	**678,355**	**721,743**	**795,592**
Capital Transfers and Grants										
National Government:		–	–	–	**678,193**	**690,333**	**1,368,526**	**614,615**	**563,078**	**595,837**
Municipal Infrastructure Grant (MIG)					314,126	314,126	628,252	322,942	342,666	363,481
Public Transport and Systems					200,058	200,058	400,116	211,673	120,412	127,356
Neighbourhood Development Partnership					48,637	80,777	129,414	40,000	60,000	60,000
					–	–	–	–	–	–
Other capital transfers/grants [WSIG]					115,372	95,372	210,744	40,000	40,000	45,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
MIG/PTIG Operation										
Total Capital Transfers and Grants	5	–	–	–	**678,193**	**690,333**	**1,368,526**	**614,615**	**563,078**	**595,837**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	**1,294,110**	**1,306,250**	**2,576,932**	**1,292,970**	**1,284,821**	**1,391,429**

MP326 City of Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	–	–	**599,384**	**599,384**	**1,198,768**	**661,358**	**703,708**	**776,461**
Local Government Equitable Share					556,020	556,020	1,112,040	608,678	662,052	712,545
Finance Management					3,250	3,250	6,500	3,400	3,656	3,916
Municipal Systems Improvement					–	–	–	–	–	–
EPWP Incentive					5,686	5,686	11,372	6,714	–	–
Integrated National Electrification Programme					11,000	11,000	22,000	31,000	30,000	50,000
						–	–			
Other transfers/grants [EEDSM/MDTG]					23,428	23,428	46,856	11,566	8,000	10,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [EEDSM/MDTG]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	**48,019**	**48,019**	**96,038**	**16,997**	**18,035**	**19,131**
MIG/PTIG Operation					48,019	48,019	96,038	16,997	18,035	19,131
							–	–	–	–
Total operating expenditure of Transfers and Grants		–	–	–	**647,403**	**647,403**	**1,294,806**	**678,355**	**721,743**	**795,592**
Capital expenditure of Transfers and Grants										
National Government:		–	–	–	**646,707**	**658,847**	**1,305,554**	**614,615**	**563,078**	**595,837**
Municipal Infrastructure Grant (MIG)					314,126	314,126	628,252	322,942	342,666	363,481
Public Transport and Systems					168,572	168,572	337,144	211,673	120,412	127,356
Neighbourhood Development Partnership					48,637	80,777	129,414	40,000	60,000	60,000
						–	–	–	–	–
Other capital transfers/grants [WSIG]					115,372	95,372	210,744	40,000	40,000	45,000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
MIG/PTIG Operation										
Total capital expenditure of Transfers and Grants		–	–	–	**646,707**	**658,847**	**1,305,554**	**614,615**	**563,078**	**595,837**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	–	–	**1,294,110**	**1,306,250**	**2,600,360**	**1,292,970**	**1,284,821**	**1,391,429**

MP326 City of Mbombela - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages					19,098	20,489	20,489	24,830	26,245	27,715
Pension and UIF Contributions					2,866	3,010	3,010	3,838	4,057	4,284
Medical Aid Contributions					564	593	593	413	437	461
Motor Vehicle Allowance					7,095	7,450	7,450	8,369	8,846	9,342
Cellphone Allowance					1,742	1,829	1,829	2,045	2,162	2,283
Housing Allowances					–	–	–	–	–	–
Other benefits and allowances					92	97	97	102	107	113
Sub Total - Councillors		–	–	–	**31,457**	**33,466**	**33,466**	**39,598**	**41,855**	**44,199**
% increase	4		–	–	–	**6.4%**	–	**18.3%**	**5.7%**	**5.6%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages					5,452	5,779	5,779	5,810	6,199	6,608
Pension and UIF Contributions					1,046	1,108	1,108	829	957	1,020
Medical Aid Contributions					133	141	141	183	109	116
Overtime					–	–	–	–	–	–
Performance Bonus					–	–	–	–	–	–
Motor Vehicle Allowance	3				862	913	913	1,155	1,232	1,314
Cellphone Allowance	3				158	167	167	254	271	289
Housing Allowances	3				–	–	–	–	–	–
Other benefits and allowances	3				30	32	32	0	1	1
Payments in lieu of leave					–	–	–	–	–	–
Long service awards					–	–	–	–	–	–
Post-retirement benefit obligations	6				–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	–	–	**7,680**	**8,141**	**8,141**	**8,231**	**8,769**	**9,347**
% increase	4		–	–	–	**6.0%**	–	**1.1%**	**6.5%**	**6.6%**
Other Municipal Staff										
Basic Salaries and Wages					349,627	368,617	368,617	404,343	431,433	459,908
Pension and UIF Contributions					70,756	79,247	79,247	88,022	93,848	100,041
Medical Aid Contributions					28,405	31,814	31,814	35,572	38,042	40,553
Overtime					40,324	45,163	45,163	54,880	58,557	62,422
Performance Bonus					–	–	–	–	–	–
Motor Vehicle Allowance	3				29,148	32,646	32,646	34,245	36,539	38,951
Cellphone Allowance	3				2,758	3,089	3,089	3,586	3,826	4,078
Housing Allowances	3				8,252	9,242	9,242	4,756	5,075	5,410
Other benefits and allowances	3				18,133	20,309	20,309	63,336	67,579	72,040
Payments in lieu of leave					1,663	1,863	1,863	3,596	3,837	4,090
Long service awards					4,775	5,348	5,348	–	–	–
Post-retirement benefit obligations	6				9,629	10,785	10,785	30,594	32,643	34,798
Sub Total - Other Municipal Staff		–	–	–	**563,471**	**608,122**	**608,122**	**722,930**	**771,379**	**822,291**
% increase	4		–	–	–	**7.9%**	–	**18.9%**	**6.7%**	**6.6%**
Total Parent Municipality		–	–	–	**602,608**	**649,729**	**649,729**	**770,758**	**822,003**	**875,837**
			–	–	–	**7.8%**	–	**18.6%**	**6.6%**	**6.5%**
TOTAL SALARY, ALLOWANCES & BENEFITS					**602,608**	**649,729**	**649,729**	**770,758**	**822,003**	**875,837**
% increase	4		–	–	–	**7.8%**	–	**18.6%**	**6.6%**	**6.5%**
TOTAL MANAGERS AND STAFF	5,7				**571,151**	**616,263**	**616,263**	**731,161**	**780,148**	**831,638**

MP326 City of Mbombela - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	–	561,124	90,706	245,800			897,630
Chief Whip		–	511,304	71,181	207,664			790,149
Executive Mayor		–	3,100,063	1,327,820	286,147			4,714,030
Deputy Executive Mayor		–	–	–	–			–
Executive Committee		–	4,662,801	646,659	1,949,534			7,258,994
Total for all other councillors		–	16,096,068	2,115,180	7,725,701			25,936,949
Total Councillors	8	–	**24,931,360**	**4,251,546**	**10,414,846**			**39,597,752**
Senior Managers of the Municipality	5							
Municipal Manager (MM)		–	1,405,038	370,853	322,231	–		2,098,122
Chief Finance Officer		–	1,095,182	123,554	293,645	–		1,512,381
General Manager: Community Services		–	1,030,427	124,296	225,895	–		1,380,618
General Manager: Strategic Planning and Executive Support		–	1,396,692	123,801	223,744	–		1,744,237
General Manager: City Planning & Development		–	1,140,578	124,793	221,592	–		1,486,964
General Manager Service Centre Co ordination		–	1,121,632	124,173	228,046	–		1,473,851
List of each offical with packages >= senior manager								
General Manager: Energy		–	1,123,671	124,173	215,999	–		1,463,842
General Manager:Water & Sanitation		–	1,131,901	219,683	269,050	–		1,620,634
Deputy Municipal Manager		–	1,253,817	227,045	215,138	–		1,696,000
General Manager Public Safety		–	1,124,691	124,173	222,257	–		1,471,120
General Manager Legal Services		–	1,125,711	124,173	224,191	–		1,474,074
General Manager Public Works & Transport		–	1,127,750	124,173	222,257	–		1,474,179
General Manager Corporate Services		–	1,019,665	121,076	308,896	–		1,449,637
		–	–	–	–	–		–
		–	–	–	–	–		–
		–	–	–	–	–		–
		–	–	–	–	–		–
		–	–	–	–	–		–
		–	–	–	–	–		–
Total Senior Managers of the Municipality	8,10	–	**15,096,755**	**2,055,964**	**3,192,940**	–		**20,345,660**
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	**40,028,115**	**6,307,510**	**13,607,786**	–		**59,943,412**

MP326 City of Mbombela - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		–	–	–	90	–	89	90	–	89
Board Members of municipal entities	4									
Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	8		5				15	–	11
Other Managers	7	97	69		106	74		108	76	–
Professionals		*179*	*128*	–	*188*	*149*	–	*288*	*214*	–
Finance		45	31		47	38		65	53	–
Spatial/town planning		10	9		21	17		25	17	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		11	7		12	6		11	7	–
Electricity		10	8		11	9		15	12	–
Water		10	6		11	5		16	11	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		6	6		6	6		6	6	–
Other		87	61		80	68		150	108	–
Technicians		*420*	*295*	–	*408*	*296*	–	*545*	*398*	–
Finance		98	73		102	79		102	78	–
Spatial/town planning		16	13		34	22		8	5	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		20	15		22	17		15	13	–
Electricity		19	14		20	16		21	18	–
Water		42	22		30	25		37	25	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		12	10		12	10		11	8	–
Other		213	148		188	127		351	251	–
Clerks (Clerical and administrative)		273	197		214	179		150	117	–
Service and sales workers		–	–	–	–	–	–	15	13	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		354	253		358	344		364	241	–
Elementary Occupations		651	524		740	685		826	714	–
TOTAL PERSONNEL NUMBERS	9	**1,982**	**1,466**	**5**	**2,104**	**1,727**	**89**	**2,401**	**1,773**	**100**
% increase					6.2%	17.8%	1,680.0%	14.1%	2.7%	12.4%
Total municipal employees headcount	6, 10	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Finance personnel headcount	8, 10	**204**	**147**	**–**	**163**	**163**	**–**	**207**	**161**	**1**
Human Resources personnel headcount	8, 10	**80**	**58**	**–**	**86**	**68**	**–**	**89**	**65**	**1**

MP326 City of Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		40,113	40,126	40,139	41,151	40,126	40,126	40,139	45,113	40,126	40,126	40,126	66,256	513,667	561,354	592,790
Service charges - electricity revenue		59,074	66,877	65,689	59,061	65,112	57,596	64,918	59,442	64,187	62,992	135,333	180,851	941,132	1,024,045	1,100,126
Service charges - water revenue		7,241	7,603	8,364	7,033	7,123	7,132	7,223	6,408	7,417	7,427	7,436	16,405	96,812	104,377	112,647
Service charges - sanitation revenue		2,419	2,492	2,517	2,543	2,569	2,596	2,401	2,407	2,415	2,420	2,426	2,376	29,581	31,892	34,419
Service charges - refuse revenue		7,421	7,280	7,289	7,476	7,476	7,399	6,922	6,991	7,621	8,535	9,730	26,861	111,002	121,659	131,298
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,906	1,915	22,876	25,163	27,680
Interest earned - external investments		716	718	723	795	797	799	679	681	682	684	685	987	8,946	9,840	10,824
Interest earned - outstanding debtors		1,899	1,903	1,910	1,918	1,927	1,935	2,129	2,342	1,346	2,393	2,396	4,138	26,235	28,859	31,745
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		2,396	2,403	2,408	2,415	2,424	2,437	2,444	2,454	2,463	2,471	2,478	3,153	29,944	32,938	36,232
Licences and permits		394	395	396	397	399	400	401	403	404	405	406	525	4,924	5,417	5,959
Agency services		15,168	15,244	15,290	15,336	15,397	15,443	15,474	15,520	15,582	15,629	15,723	19,795	189,601	208,561	229,418
Transfers and subsidies		208,710	–				265,585	–		140,000		81,373	–	695,668	743,053	800,086
Other revenue		2,647	4,667	5,694	5,721	5,761	5,781	5,808	5,842	5,390	5,412	5,434	5,531	63,690	46,515	27,858
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and cont		**350,104**	**151,613**	**152,322**	**145,750**	**151,017**	**409,134**	**150,444**	**149,508**	**289,540**	**150,400**	**305,452**	**328,792**	**2,734,077**	**2,943,674**	**3,141,081**
Expenditure By Type																
Employee related costs		60,906	61,332	60,012	61,272	61,403	61,664	62,992	66,256	61,557	61,997	61,153	50,616	731,161	795,751	864,904
Remuneration of councillors		3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	39,598	41,855	44,199
Debt impairment		2,079	3,079	3,079	3,079	4,079	4,079	5,079	6,079	7,079	7,079	6,079	7,121	57,987	61,861	47,576
Depreciation & asset impairment		21,697	21,697	21,697	21,697	21,697	21,697	21,697	21,697	21,697	21,697	21,697	21,697	260,361	269,123	279,538
Finance charges		–	–	–	–	–	12,885	–	–	–	–	–	12,885	25,770	23,467	21,310
Bulk purchases		–	96,140	51,275	51,429	55,543	55,710	55,877	56,044	56,212	56,381	56,550	49,774	640,935	692,243	747,407
Other materials		4,388	4,401	4,418	4,436	4,454	4,472	4,489	4,507	4,525	4,543	4,566	5,644	54,844	58,313	61,593
Contracted services		35,875	36,019	36,163	36,344	36,526	36,672	36,818	37,002	37,187	37,559	41,315	34,821	442,303	465,524	486,705
Transfers and subsidies		–	2,976	2,985	3,000	3,012	3,024	3,039	3,057	3,075	3,088	3,106	6,837	37,196	35,208	37,743
Other expenditure		30,399	30,491	30,643	30,827	31,043	31,198	31,291	31,448	31,574	31,646	31,805	50,339	392,703	437,542	480,876
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**158,643**	**259,433**	**213,571**	**215,382**	**221,054**	**234,699**	**224,582**	**229,391**	**226,207**	**227,290**	**229,571**	**243,035**	**2,682,858**	**2,880,887**	**3,071,850**
Surplus/(Deficit)		**191,461**	**(107,821)**	**(61,249)**	**(69,632)**	**(70,037)**	**174,435**	**(74,138)**	**(79,882)**	**63,334**	**(76,890)**	**75,882**	**85,757**	**51,219**	**62,787**	**69,230**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	47,784	47,928	48,119	48,264	48,408	48,602	48,748	48,894	49,041	49,286	112,229	597,302	541,768	591,343
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**191,461**	**(60,036)**	**(13,321)**	**(21,512)**	**(21,774)**	**222,843**	**(25,536)**	**(31,134)**	**112,228**	**(27,850)**	**125,168**	**197,986**	**648,521**	**604,555**	**660,574**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**191,461**	**(60,036)**	**(13,321)**	**(21,512)**	**(21,774)**	**222,843**	**(25,536)**	**(31,134)**	**112,228**	**(27,850)**	**125,168**	**197,986**	**648,521**	**604,555**	**660,574**

MP326 City of Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - COUNCIL		349	350	352	353	354	356	357	359	361	362	362	274	4,188	4,397	4,617
Vote 2 - OFFICE OF COUNCIL		41	41	41	41	41	41	41	41	41	41	41	110	559	587	616
Vote 3 - MUNICIPAL MANAGER		1,017	1,020	1,023	1,026	1,030	1,034	1,038	1,043	1,046	1,049	1,052	1,102	12,481	13,105	13,760
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		882	884	888	891	895	898	902	905	908	910	913	4,434	14,309	14,968	15,128
Vote 5 - CORPORATE SERVICES DEPARTMENT		51	51	51	51	51	51	51	51	51	51	51	146	704	739	776
Vote 6 - STRATEGIC MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - FINANCIAL MANAGEMENT		94,324	94,607	94,891	95,175	95,461	95,747	96,034	96,323	96,612	96,901	97,192	58,077	1,111,343	1,166,911	1,225,256
Vote 8 - LEGAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - REGIONAL CENTRE COORDINATION		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - COMMUNITY SERVICES		10,390	10,421	10,452	10,483	10,515	10,546	10,578	10,610	10,642	10,674	10,706	8,710	124,726	130,963	137,511
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		70,639	70,851	71,064	71,277	71,491	71,705	71,921	72,136	72,353	72,570	72,570	62,500	851,077	881,181	998,539
Vote 12 - PUBLIC SAFETY		16,953	17,004	17,055	17,106	17,158	17,209	17,261	17,313	17,365	17,417	17,469	38,941	228,250	239,663	251,646
Vote 13 - WATER AND SANITATION		22,681	22,749	22,817	22,885	22,954	23,023	23,092	23,161	23,231	23,300	23,370	19,030	272,294	285,909	300,205
Vote 14 - ENERGY		59,264	59,441	59,620	59,799	59,978	59,996	60,176	60,356	60,537	60,719	60,901	50,660	711,447	747,019	784,370
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		**276,589**	**277,419**	**278,252**	**279,089**	**279,928**	**280,607**	**281,451**	**282,297**	**283,144**	**283,993**	**284,627**	**243,983**	**3,331,380**	**3,485,442**	**3,732,424**
Expenditure by Vote to be appropriated																
Vote 1 - COUNCIL		6,267	6,286	6,311	6,336	6,355	6,380	6,406	6,425	6,451	6,470	6,490	8,159	78,334	82,251	86,363
Vote 2 - OFFICE OF COUNCIL		1,160	1,164	1,167	1,171	1,174	1,178	1,217	1,220	1,225	1,229	1,232	2,839	15,976	16,774	17,613
Vote 3 - MUNICIPAL MANAGER		11,060	11,093	11,137	11,170	11,204	11,238	11,283	11,328	11,373	11,418	11,464	14,477	138,244	145,156	152,414
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		7,402	7,424	7,446	7,468	7,491	7,513	7,536	7,558	7,581	7,604	7,627	13,670	96,320	101,136	106,193
Vote 5 - CORPORATE SERVICES DEPARTMENT		15,991	16,039	16,087	16,135	16,183	16,232	16,281	16,330	16,379	16,428	16,461	13,422	191,966	201,564	211,642
Vote 6 - STRATEGIC MANAGEMENT SERVICES		2,093	2,260	2,265	2,272	2,279	2,279	2,286	2,293	2,309	2,327	1,337	1,126	25,126	26,382	27,702
Vote 7 - FINANCIAL MANAGEMENT		20,011	20,071	20,151	20,232	20,313	20,394	20,476	20,558	20,640	20,723	20,805	15,855	240,230	252,241	264,853
Vote 8 - LEGAL SERVICES		241	242	243	244	245	246	247	248	249	249	250	193	2,894	3,039	3,191
Vote 9 - REGIONAL CENTRE COORDINATION		601	604	606	609	611	614	616	618	621	623	626	470	7,220	7,581	7,960
Vote 10 - COMMUNITY SERVICES		34,741	34,845	34,950	35,055	35,160	35,265	35,371	35,477	35,584	35,691	35,798	29,124	417,061	437,914	459,809
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		15,723	15,770	15,817	15,865	15,912	15,960	16,008	16,056	16,104	16,153	16,201	13,181	188,750	198,188	208,097
Vote 12 - PUBLIC SAFETY		10,360	18,421	15,482	17,544	16,606	18,667	19,729	17,792	18,854	16,916	15,979	13,682	200,032	253,250	293,261
Vote 13 - WATER AND SANITATION		27,485	27,567	27,650	27,733	27,816	27,900	27,983	28,067	28,151	28,236	28,321	23,041	329,951	346,448	363,771
Vote 14 - ENERGY		62,977	63,166	63,356	63,546	63,736	63,928	64,119	64,312	64,505	64,698	64,892	47,521	750,755	808,963	868,981
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		**216,112**	**224,952**	**222,669**	**225,379**	**225,085**	**227,794**	**229,557**	**228,281**	**230,025**	**228,765**	**227,482**	**196,758**	**2,682,858**	**2,880,887**	**3,071,850**
Surplus/(Deficit) before assoc.		**60,478**	**52,467**	**55,584**	**53,710**	**54,843**	**52,814**	**51,894**	**54,015**	**53,119**	**55,228**	**57,145**	**47,225**	**648,521**	**604,555**	**660,574**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**60,478**	**52,467**	**55,584**	**53,710**	**54,843**	**52,814**	**51,894**	**54,015**	**53,119**	**55,228**	**57,145**	**47,225**	**648,521**	**604,555**	**660,574**

MP326 City of Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		**101,960**	**102,266**	**102,674**	**103,084**	**103,495**	**103,909**	**104,324**	**104,740**	**105,158**	**105,578**	**106,000**	**80,818**	**1,224,006**	**1,306,677**	**1,374,115**
Executive and council		727	730	732	734	736	738	741	743	745	747	750	610	8,733	9,607	10,568
Finance and administration		101,232	101,536	101,942	102,350	102,759	103,170	103,583	103,997	104,413	104,831	105,250	80,209	1,215,273	1,297,070	1,363,547
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**16,899**	**16,949**	**17,000**	**17,051**	**17,102**	**17,154**	**17,205**	**17,257**	**17,308**	**17,360**	**17,412**	**17,892**	**206,589**	**227,006**	**248,925**
Community and social services		125	126	126	127	127	127	128	128	128	129	129	105	1,506	1,656	1,822
Sport and recreation		956	958	961	964	967	970	973	976	979	982	985	801	11,471	12,618	13,880
Public safety		15,818	15,865	15,913	15,960	16,008	16,056	16,104	16,153	16,201	16,250	16,299	16,986	193,613	212,732	233,224
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**52,705**	**52,873**	**53,032**	**53,191**	**53,351**	**54,505**	**54,668**	**54,832**	**54,997**	**55,162**	**55,327**	**38,940**	**633,584**	**579,897**	**688,711**
Planning and development		32,736	32,844	32,942	33,041	33,140	34,234	34,336	34,439	34,543	34,646	34,750	21,333	392,984	427,665	450,273
Road transport		19,970	20,030	20,090	20,150	20,210	20,271	20,332	20,393	20,454	20,515	20,577	17,607	240,599	152,231	238,439
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**105,558**	**105,874**	**106,192**	**106,511**	**106,833**	**107,153**	**107,474**	**107,797**	**108,120**	**108,445**	**108,771**	**88,472**	**1,267,201**	**1,371,863**	**1,420,673**
Energy sources		81,563	81,808	82,054	82,300	82,547	82,794	83,043	83,292	83,542	83,792	84,044	68,375	979,153	1,062,069	1,084,076
Water management		11,434	11,468	11,503	11,537	11,574	11,609	11,644	11,679	11,714	11,749	11,784	9,569	137,265	145,276	159,044
Waste water management		3,438	3,448	3,459	3,469	3,480	3,490	3,500	3,511	3,521	3,533	3,543	2,881	41,274	44,499	48,025
Waste management		9,122	9,149	9,177	9,204	9,232	9,260	9,288	9,315	9,343	9,371	9,399	7,647	109,509	120,018	129,528
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		**277,121**	**277,963**	**278,898**	**279,837**	**280,781**	**282,720**	**283,671**	**284,626**	**285,584**	**286,546**	**287,510**	**226,123**	**3,331,380**	**3,485,442**	**3,732,424**
Expenditure - Functional																
Governance and administration		**57,746**	**57,959**	**58,191**	**58,424**	**58,658**	**58,893**	**59,128**	**59,365**	**59,602**	**59,841**	**60,080**	**45,342**	**693,229**	**726,729**	**768,481**
Executive and council		17,684	17,737	17,808	17,879	17,951	18,023	18,095	18,167	18,240	18,313	18,386	14,011	212,293	214,830	226,802
Finance and administration		39,525	39,683	39,841	40,001	40,161	40,321	40,483	40,645	40,807	40,970	41,134	30,914	474,485	505,056	534,448
Internal audit		537	540	542	544	546	549	551	553	555	557	560	416	6,451	6,843	7,231
Community and public safety		**22,500**	**22,593**	**22,681**	**22,768**	**22,862**	**22,956**	**23,048**	**23,140**	**23,236**	**23,329**	**23,422**	**17,574**	**270,110**	**274,332**	**278,562**
Community and social services		3,867	3,878	3,890	3,901	3,917	3,933	3,948	3,964	3,980	3,996	4,012	3,131	46,417	51,677	55,252
Sport and recreation		14,643	14,707	14,766	14,825	14,884	14,944	15,003	15,064	15,124	15,184	15,245	11,393	175,781	171,801	169,425
Public safety		2,946	2,959	2,972	2,984	2,999	3,014	3,026	3,038	3,053	3,066	3,078	2,233	35,368	37,600	39,900
Housing		1,045	1,049	1,053	1,057	1,062	1,066	1,070	1,075	1,079	1,083	1,087	817	12,544	13,255	13,985
Health													–	–	–	–
Economic and environmental services		**29,691**	**29,798**	**29,906**	**30,025**	**30,157**	**30,266**	**30,375**	**30,515**	**30,625**	**30,766**	**30,889**	**(20,963)**	**312,049**	**374,680**	**425,313**
Planning and development		11,743	11,778	11,814	11,861	11,920	11,956	11,992	12,040	12,076	12,124	12,173	9,497	140,972	148,642	160,116
Road transport		17,948	18,020	18,092	18,164	18,237	18,310	18,383	18,475	18,549	18,642	18,716	(30,460)	171,077	226,038	265,197
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**107,985**	**108,417**	**108,850**	**109,286**	**109,723**	**110,162**	**110,602**	**111,045**	**111,489**	**111,935**	**112,383**	**84,459**	**1,296,335**	**1,385,951**	**1,472,707**
Energy sources		63,616	63,870	64,126	64,382	64,640	64,898	65,158	65,419	65,680	65,943	66,207	49,757	763,697	817,361	868,544
Water management		24,009	24,105	24,202	24,298	24,396	24,493	24,591	24,689	24,788	24,887	24,987	18,779	288,225	307,938	329,586
Waste water management		6,104	6,128	6,153	6,177	6,202	6,227	6,252	6,277	6,302	6,327	6,352	4,774	73,276	77,817	81,542
Waste management		14,256	14,313	14,370	14,428	14,485	14,543	14,601	14,660	14,718	14,777	14,836	11,150	171,138	182,835	193,034
Other		**9,258**	**9,285**	**9,323**	**9,360**	**9,397**	**9,435**	**9,473**	**9,511**	**9,549**	**9,587**	**9,625**	**7,335**	**111,136**	**119,195**	**126,787**
Total Expenditure - Functional		**227,179**	**228,053**	**228,951**	**229,863**	**230,797**	**231,711**	**232,626**	**233,575**	**234,500**	**235,457**	**236,399**	**133,747**	**2,682,858**	**2,880,887**	**3,071,850**
Surplus/(Deficit) before assoc.		**49,942**	**49,910**	**49,947**	**49,974**	**49,984**	**51,009**	**51,045**	**51,051**	**51,083**	**51,089**	**51,111**	**92,376**	**648,521**	**604,555**	**660,574**
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**49,942**	**49,910**	**49,947**	**49,974**	**49,984**	**51,009**	**51,045**	**51,051**	**51,083**	**51,089**	**51,111**	**92,376**	**648,521**	**604,555**	**660,574**

MP326 City of Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure *to be appropriated*	1															
Vote 1 - COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - MUNICIPAL MANAGER		491	531	573	621	672	733	799	871	949	1,035	1,117	1,955	10,347	10,062	11,404
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		2,382	2,573	2,779	3,009	3,259	3,552	3,872	4,220	4,600	5,014	5,415	2,467	43,143	64,550	70,586
Vote 5 - CORPORATE SERVICES DEPARTMENT		235	254	274	297	321	350	382	416	454	495	534	687	4,700	6,100	7,200
Vote 6 - STRATEGIC MANAGEMENT SERVICES		48	52	56	61	66	72	78	86	93	102	110	141	965	1,000	500
Vote 7 - FINANCIAL MANAGEMENT		83	89	96	104	113	123	134	146	159	174	188	241	1,650	2,900	4,300
Vote 8 - LEGAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - REGIONAL CENTRE COORDINATION		50	54	58	63	68	75	81	89	97	105	114	146	1,000	1,094	1,137
Vote 10 - COMMUNITY SERVICES		466	503	544	589	637	695	757	826	900	981	1,059	1,363	9,320	11,707	14,719
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		16,048	16,532	17,054	17,640	18,274	19,018	19,830	30,715	41,679	52,730	43,749	68,804	362,071	237,249	283,339
Vote 12 - PUBLIC SAFETY		162	175	189	205	222	242	263	287	313	341	368	474	3,240	4,436	2,180
Vote 13 - WATER AND SANITATION		5,462	5,899	6,371	6,900	7,473	8,145	8,878	9,677	10,548	11,498	12,417	19,937	113,206	122,865	143,978
Vote 14 - ENERGY		1,173	1,267	1,369	1,482	1,605	1,750	1,907	2,079	2,266	2,470	2,667	3,432	23,467	40,608	59,627
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	**26,601**	**27,929**	**29,363**	**30,970**	**32,711**	**34,755**	**36,983**	**49,411**	**62,058**	**74,943**	**67,739**	**99,647**	**573,109**	**502,570**	**598,970**
Single-year expenditure *to be appropriated*																
Vote 1 - COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - CITY PLANNING AND DEVLOPMENT DEPA		30	51	51	51	52	52	52	52	52	53	55	4,448	5,000	–	–
Vote 5 - CORPORATE SERVICES DEPARTMENT		60	60	61	61	61	61	62	62	62	62	65	1,323	2,000	–	–
Vote 6 - STRATEGIC MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - FINANCIAL MANAGEMENT		99	104	104	105	105	106	106	106	107	107	113	2,138	3,300	3,500	4,595
Vote 8 - LEGAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - REGIONAL CENTRE COORDINATION		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - PUBLIC WORKS, ROADS AND TRANSPOR		–	679	726	773	–	867	–	–	510	458	661	712	5,388	20,937	500
Vote 12 - PUBLIC SAFETY		17	18	18	18	18	18	18	18	18	18	19	384	581	220	3,800
Vote 13 - WATER AND SANITATION		1,591	3,023	3,035	3,048	3,060	3,072	3,084	3,097	3,109	3,121	3,278	(28,562)	3,956	42,800	33,000
Vote 14 - ENERGY		414	435	436	438	440	442	443	445	447	449	471	8,939	13,800	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	**2,212**	**4,370**	**4,432**	**4,493**	**3,735**	**4,618**	**3,765**	**3,780**	**4,306**	**4,269**	**4,662**	**(10,617)**	**34,025**	**67,457**	**41,895**
Total Capital Expenditure	2	**28,812**	**32,299**	**33,795**	**35,464**	**36,446**	**39,372**	**40,748**	**53,191**	**66,364**	**79,212**	**72,401**	**89,030**	**607,134**	**570,027**	**640,865**

MP326 City of Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																
Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		**789**	**909**	**1,075**	**1,270**	**1,461**	**1,728**	**2,044**	**2,419**	**2,864**	**3,392**	**4,020**	**17,157**	**39,128**	**33,873**	**35,195**
Executive and council		309	334	384	442	508	584	672	773	889	1,022	1,175	3,255	10,347	11,162	11,404
Finance and administration		479	575	690	828	953	1,143	1,372	1,646	1,975	2,370	2,845	13,903	28,780	22,712	23,791
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**1,380**	**1,611**	**1,919**	**2,285**	**2,222**	**2,243**	**2,864**	**3,605**	**3,488**	**2,541**	**3,597**	**6,513**	**34,269**	**21,804**	**21,433**
Community and social services		652	750	900	1,079	1,295	1,554	1,865	2,238	2,686	1,223	1,868	3,177	19,288	6,406	6,166
Sport and recreation		548	652	776	924	599	308	557	852	204	623	921	2,006	8,971	8,242	6,487
Public safety		115	132	152	174	200	231	265	305	351	403	464	1,030	3,821	4,656	5,980
Housing		66	78	91	108	127	150	177	209	247	291	344	301	2,190	2,500	2,800
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**9,643**	**11,471**	**13,652**	**16,257**	**19,367**	**23,082**	**27,521**	**32,827**	**39,170**	**46,755**	**50,635**	**38,925**	**329,303**	**245,169**	**244,061**
Planning and development		1,256	1,407	1,576	1,765	1,977	2,214	2,480	2,777	3,111	3,484	3,902	14,157	40,106	60,750	65,566
Road transport		8,386	10,064	12,076	14,491	17,390	20,868	25,041	30,050	36,059	43,271	46,733	24,768	289,197	184,419	178,495
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**7,067**	**8,397**	**18,346**	**18,346**	**18,346**	**18,346**	**17,956**	**18,346**	**17,956**	**17,956**	**17,956**	**25,415**	**204,434**	**269,180**	**340,175**
Energy sources		2,960	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	3,197	735	35,667	38,609	57,123
Water management		2,919	3,952	13,565	13,565	13,565	13,565	13,565	13,565	13,565	13,565	13,565	9,877	138,829	160,965	210,524
Waste water management		1,188	1,248	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	14,242	27,425	45,467	53,623
Waste management		–	–	390	390	390	390	–	390	–	–	–	561	2,512	24,140	18,905
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	**18,879**	**22,388**	**34,992**	**38,158**	**41,396**	**45,399**	**50,385**	**57,197**	**63,478**	**70,645**	**76,208**	**88,010**	**607,134**	**570,027**	**640,865**
Funded by:																
National Government		15,478	16,716	18,388	21,146	25,375	28,420	31,830	35,650	39,928	44,719	50,086	**188,192**	**515,929**	**466,719**	**509,681**
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		**15,478**	**16,716**	**18,388**	**21,146**	**25,375**	**28,420**	**31,830**	**35,650**	**39,928**	**44,719**	**50,086**	**188,192**	**515,929**	**466,719**	**509,681**
Public contributions & donations		–	–	1,333	–	1,333	–	1,333	–	–	–	–	4,759	8,759	5,000	6,050
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		2,488	2,737	3,558	4,626	6,014	7,818	8,052	8,294	8,543	8,799	9,063	12,454	82,446	98,308	125,134
Total Capital Funding		**17,966**	**19,453**	**23,279**	**25,772**	**32,722**	**36,238**	**41,216**	**43,944**	**48,471**	**53,518**	59,149	205,405	607,134	570,027	640,865

MP326 City of Mbombela - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates	38,437	38,564	38,691	38,818	39,024	39,153	39,270	39,388	39,506	39,625	39,665	62,979	493,120	538,900	580,934
Service charges - electricity revenue	75,636	75,886	76,136	76,388	76,793	77,046	77,277	77,509	77,741	77,975	78,053	86,409	932,849	1,014,997	1,090,432
Service charges - water revenue	6,937	6,960	6,983	7,006	7,043	7,066	7,087	7,108	7,130	7,151	7,158	15,312	92,940	100,202	110,394
Service charges - sanitation revenue	2,234	2,241	2,249	2,256	2,268	2,276	2,282	2,289	2,296	2,303	2,305	3,398	28,398	30,617	33,731
Service charges - refuse revenue	8,484	8,512	8,540	8,568	8,613	8,642	8,668	8,694	8,720	8,746	8,755	11,623	106,562	116,792	128,672
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	1,906	1,912	1,918	1,924	1,935	1,941	1,947	1,953	1,959	1,964	1,966	1,551	22,876	25,163	27,680
Interest earned - external investments	745	748	750	753	757	759	761	764	766	768	769	606	8,946	9,840	10,824
Interest earned - outstanding debtors	1,977	1,984	1,990	1,997	1,007	2,014	2,020	1,026	2,032	1,038	2,040	1,862	20,988	23,087	26,983
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	933	936	940	943	948	951	954	957	959	962	963	3,969	14,414	17,441	19,186
Licences and permits	410	412	413	414	416	418	419	420	422	423	423	334	4,924	5,417	5,959
Agency services	15,794	15,846	15,898	15,951	16,035	16,088	16,136	16,185	16,233	16,282	16,298	12,855	189,601	208,561	229,418
Transfer receipts - operational	208,710	–				265,585	–		140,000		81,373	–	695,668	743,053	800,086
Other revenue	3,922	3,942	4,963	4,984	5,005	5,026	5,047	7,068	6,089	7,111	7,132	4,516	64,805	62,012	44,905
Cash Receipts by Source	**366,124**	**157,941**	**159,470**	**160,001**	**159,844**	**426,964**	**161,869**	**163,361**	**303,854**	**164,348**	**246,901**	**205,413**	**2,676,090**	**2,896,083**	**3,109,202**
Other Cash Flows by Source															
Transfer receipts - capital	15,478	16,716	18,388	51,146	55,375	58,420	51,830	55,650	79,928	74,719	80,086	39,566	597,302	541,768	591,343
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	14,896	14,896	14,896	14,896	14,896	14,896	14,896	14,896	14,896	14,896	14,896	56,776	220,632	223,803	242,989
Decrease (increase) other non-current receivable	5,558	5,558	5,558	5,558	5,558	5,558	5,558	5,558	5,558	5,558	5,558	58,123	119,260	130,575	125,591
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	**402,056**	**195,111**	**198,312**	**231,601**	**235,673**	**505,838**	**234,154**	**239,465**	**404,236**	**259,522**	**347,441**	**359,878**	**3,613,285**	**3,792,230**	**4,069,125**
Cash Payments by Type															
Employee related costs	60,930	60,930	60,930	60,930	60,930	60,930	60,930	60,930	60,930	60,930	67,352	54,508	731,161	795,751	864,904
Remuneration of councillors	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	39,598	41,855	44,199
Finance charges	–	–	–	–	–	12,885	–	–	–	–	–	12,885	25,770	23,467	21,310
Bulk purchases - Electricity	–	91,163	48,620	48,766	48,913	49,059	49,207	49,256	49,404	49,552	49,700	74,116	607,756	656,377	708,887
Bulk purchases - Water & Sewer	–	2,654	2,787	2,982	3,131	3,194	3,258	3,323	3,389	3,457	3,492	1,512	33,179	35,866	38,520
Other materials	1,097	1,152	1,244	1,493	1,940	2,717	4,075	6,520	6,715	9,402	11,282	7,208	54,844	58,313	61,593
Contracted services	32,871	33,528	33,595	35,611	35,682	35,754	36,469	36,542	36,615	36,688	36,761	28,327	418,443	472,541	495,477
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	1,116	1,172	1,242	1,366	1,503	1,653	2,149	2,794	3,352	4,358	6,973	9,518	37,196	35,208	37,743
Other expenditure	9,000	9,950	11,147	12,204	13,758	25,659	27,455	29,926	32,918	39,502	51,353	25,410	288,281	430,525	472,104
Cash Payments by Type	**108,313**	**203,849**	**162,865**	**166,652**	**169,157**	**195,150**	**186,842**	**192,590**	**196,624**	**207,189**	**230,213**	**216,785**	**2,236,228**	**2,549,903**	**2,744,737**
Other Cash Flows/Payments by Type															
Capital assets	17,966	19,453	23,279	25,772	32,722	36,238	41,216	43,944	48,471	53,518	59,149	205,405	607,134	570,027	640,865
Repayment of borrowing	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	20,410	21,596	17,209
Other Cash Flows/Payments	35,265	37,381	37,568	37,643	37,718	37,794	37,870	37,945	38,021	38,135	38,250	253,351	666,942	413,433	261,182
Total Cash Payments by Type	**163,245**	**262,384**	**225,414**	**231,768**	**241,299**	**270,883**	**267,628**	**276,180**	**284,817**	**300,543**	**329,312**	**677,242**	**3,530,714**	**3,554,960**	**3,663,992**
NET INCREASE/(DECREASE) IN CASH HELD	**238,810**	**(67,273)**	**(27,101)**	**(167)**	**(5,626)**	**234,955**	**(33,475)**	**(36,715)**	**119,419**	**(41,021)**	**18,129**	**(317,364)**	**82,571**	**237,270**	**405,133**
Cash/cash equivalents at the month/year begin:	127,296	366,106	298,834	271,732	271,565	265,939	500,894	467,419	430,704	550,123	509,102	527,231	127,296	209,867	447,137
Cash/cash equivalents at the month/year end:	366,106	298,834	271,732	271,565	265,939	500,894	467,419	430,704	550,123	509,102	527,231	209,867	209,867	447,137	852,269

MP326 City of Mbombela - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Buhle Besive Construction	Yrs	1	Management and Operation of Hazyview Waste Dis	30 June 2017	
African Meter Reading (Pty) Ltd	Yrs	2	Meter Reading	31 December 2017	
Livewire Enginering & Consulting (Pty) Ltd	Yrs	2	Meter Reading	31 December 2017	
SML Project	Mths	18	Planning and support function to the PMU (MIG Prog	31 December 2017	
Platinum Sport Consulting	Mths	18	Stadium Management		
Tedcor Mbombela JV	Mths	18	Waste Collection Services in Kanyamazane Matsul	30 June 2017	
Rand Water	Yrs	2	Bulk Water Supply for mbombela local municipality	31 December 2017	
DELCA Systems	Yrs	2	Operational Designs of the ICC, Heritage Center and	31 December 2017	

MP326 City of Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	–	–	**241,742**	**327,193**	**327,193**	**117,147**	**128,371**	**190,803**
Roads Infrastructure		–	–	–	184,922	152,139	152,139	75,563	69,353	87,904
Roads					184,922	152,139	152,139	75,563	69,353	87,904
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	116,178	116,178	–	–	–
Drainage Collection										
Storm water Conveyance						116,178	116,178			
Attenuation										
Electrical Infrastructure		–	–	–	16,994	15,994	15,994	22,943	25,215	42,333
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors					16,994	15,994	15,994	21,343	23,216	39,830
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares								1,600	2,000	2,504
Water Supply Infrastructure		–	–	–	11,547	11,547	11,547	5,153	5,500	13,004
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works								1,600	2,000	2,504
Bulk Mains										
Distribution					11,547	11,547	11,547	3,553	3,500	10,500
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	26,629	26,629	26,629	10,977	24,163	40,500
Pump Station										
Reticulation					26,629	26,629	26,629	10,977	24,163	40,500
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	1,650	4,705	4,705	2,512	4,140	7,062
Landfill Sites					1,650	1,650	1,650			
Waste Transfer Stations										
Waste Processing Facilities								2,512	4,140	7,062
Waste Drop-off Points										
Waste Separation Facilities						3,055	3,055			
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	**16,854**	**17,701**	**17,701**	**29,389**	**6,819**	**20,564**

Community Facilities		–	–	–	16,854	16,854	16,854	29,389	6,819	20,564
Halls					7,174	7,174	7,174	16,421	1,000	1,500
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					7,920	7,920	7,920	4,350	3,100	4,030
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries								800	–	–
Cemeteries/Crematoria										
Police										
Purls										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets					1,760	1,760	1,760	6,818	2,719	15,034
Stalls								1,000		
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	847	847	–	–	–
Indoor Facilities										
Outdoor Facilities						847	847			
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	**16,816**	**15,922**	**15,922**	**13,084**	**16,862**	**18,874**
Operational Buildings		–	–	–	16,816	15,922	15,922	9,537	9,562	8,154
Municipal Offices					16,816	15,922	15,922	3,190	4,500	2,800
Pay/Enquiry Points										
Building Plan Offices								6,347	5,062	5,354
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	3,547	7,300	10,720
Staff Housing								847	1,300	2,220
Social Housing								2,700	6,000	8,500
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	2,750	3,900	8,142
Servitudes										
Licences and Rights		–	–	–	–	–	–	2,750	3,900	8,142
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications								2,750	3,900	8,142
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	4,000	5,277	5,277	–	–	605
Computer Equipment					4,000	5,277	5,277			605
Furniture and Office Equipment		–	–	–	3,000	3,898	3,898	950	1,109	1,164
Furniture and Office Equipment					3,000	3,898	3,898	950	1,109	1,164
Machinery and Equipment		–	–	–	7,080	5,307	5,307	4,951	5,206	9,928
Machinery and Equipment					7,080	5,307	5,307	4,951	5,206	9,928
Transport Assets		–	–	–	16,700	4,800	4,800	2,400	2,900	2,600
Transport Assets					16,700	4,800	4,800	2,400	2,900	2,600
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	**–**	**–**	**–**	**306,192**	**380,098**	**380,098**	**170,671**	**165,166**	**252,680**

MP326 City of Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	**421,751**	**346,210**	**346,210**	**284,920**	**298,939**	**277,976**
Roads Infrastructure		–	–	–	243,690	219,760	219,760	154,755	63,422	45,991
Roads					243,690	219,760	219,760	154,755	63,422	45,991
Road Structures					–	–	–	–	–	–
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	470	470	470	–	–	–
Drainage Collection										
Storm water Conveyance					470	470	470			
Attenuation										
Electrical Infrastructure		–	–	–	16,257	13,257	13,257	9,974	20,593	20,263
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors					16,257	13,257	13,257	2,374	14,793	11,763
MV Substations								2,500		
MV Switching Stations								4,000	4,000	6,000
MV Networks										
LV Networks								1,100	1,800	2,500
Capital Spares										
Water Supply Infrastructure		–	–	–	146,089	95,336	95,336	114,902	174,837	199,378
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution					146,089	95,336	95,336	114,902	174,837	199,378
Distribution Points								–	–	–
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	15,246	17,387	17,387	3,339	20,088	4,000
Pump Station					15,246	17,387	17,387			
Reticulation										
Waste Water Treatment Works										
Outfall Sewers								3,339	20,088	4,000
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	1,950	20,000	8,343
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities								1,950	20,000	8,343
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	**16,876**	**13,236**	**13,236**	**10,200**	–	–

Community Facilities		–	–	–	6,350	5,350	5,350	200	–	–
Halls					3,000	3,000	3,000			
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					1,350	1,350	1,350			
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries								200		
Cemeteries/Crematoria										
Police										
Purls										
Public Open Space					2,000	1,000	1,000			
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	10,526	7,886	7,886	10,000	–	–
Indoor Facilities										
Outdoor Facilities					10,526	7,886	7,886	10,000	–	–
Capital Spares								–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	**6,900**	**1,910**	**1,910**	**7,873**	**3,944**	**2,207**
Operational Buildings		–	–	–	6,900	1,910	1,910	2,465	1,855	561
Municipal Offices					6,900	1,910	1,910	1,065	1,855	561
Pay/Enquiry Points										
Building Plan Offices										
Workshops								1,400	–	–
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	5,408	2,089	1,647
Staff Housing								5,408	2,089	1,647
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	(30)	(30)	4,800	4,630	3,463
Servitudes										
Licences and Rights		–	–	–	–	(30)	(30)	4,800	4,630	3,463
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications						(30)	(30)	4,800	3,430	2,563
Load Settlement Software Applications										
Unspecified								–	1,200	900
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	6,620	5,878	6,961
Machinery and Equipment								6,620	5,878	6,961
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets								–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing	1	**–**	**–**	**–**	**445,527**	**361,326**	**361,326**	**314,413**	**313,391**	**290,607**

MP326 City of Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	–	–	**164,973**	**164,973**	**164,973**	**197,967**	**237,561**	**285,073**
Roads Infrastructure		–	–	–	65,643	65,643	65,643	78,771	94,526	113,431
Roads					65,643	65,643	65,643	78,771	94,526	113,431
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	9,780	9,780	9,780	11,736	14,083	16,900
Drainage Collection					9,780	9,780	9,780	11,736	14,083	16,900
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	55,730	55,730	55,730	66,876	80,251	96,301
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors					55,730	55,730	55,730	66,876	80,251	96,301
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	25,995	25,995	25,995	31,194	37,433	44,919
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works					14,767	14,767	14,767	17,721	21,265	25,518
Bulk Mains										
Distribution					11,228	11,228	11,228	13,473	16,168	19,401
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	5,614	5,614	5,614	6,737	8,084	9,701
Pump Station					5,614	5,614	5,614	6,737	8,084	9,701
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	2,211	2,211	2,211	2,654	3,184	3,821
Landfill Sites										
Waste Transfer Stations					2,211	2,211	2,211	2,654	3,184	3,821
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	**20,877**	**20,877**	**20,877**	**25,053**	**30,063**	**36,076**

Community Facilities		–	–	–	8,748	8,748	8,748	10,498	12,598	15,117
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					3,164	3,164	3,164	3,797	4,556	5,467
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria					1,134	1,134	1,134	1,361	1,634	1,960
Police					4,450	4,450	4,450	5,340	6,408	7,690
Purls										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	12,129	12,129	12,129	14,555	17,466	20,959
Indoor Facilities										
Outdoor Facilities					12,129	12,129	12,129	14,555	17,466	20,959
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	**14,948**	**14,948**	**14,948**	**15,098**	**16,607**	**18,268**
Operational Buildings		–	–	–	14,948	14,948	14,948	15,098	16,607	18,268
Municipal Offices					14,948	14,948	14,948	15,098	16,607	18,268
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	3,161	3,161	3,161	3,161	3,161	3,161
Machinery and Equipment					3,161	3,161	3,161	3,161	3,161	3,161
Transport Assets		–	–	–	26,140	26,140	26,140	26,166	26,193	26,219
Transport Assets					26,140	26,140	26,140	26,166	26,193	26,219
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	**–**	**–**	**–**	**230,100**	**230,100**	**230,100**	**267,445**	**313,585**	**368,797**

MP326 City of Mbombela - Supporting Table SA34d Depreciation by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Depreciation by Asset Class/Sub-class										
Infrastructure		–	–	–	**214,281**	**201,632**	**201,632**	**222,397**	**228,015**	**239,416**
Roads Infrastructure		–	–	–	112,452	99,804	99,804	110,033	110,033	115,535
Roads					112,452	99,804	99,804	110,033	110,033	115,535
Road Structures					–	–	–	–		
Road Furniture										
Capital Spares										
Storm w ater Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	28,426	28,426	28,426	31,340	32,907	34,552
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors					28,426	28,426	28,426	31,340	32,907	34,552
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	42,608	42,608	42,608	46,975	49,324	51,790
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution					42,608	42,608	42,608	46,975	49,324	51,790
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	29,038	29,038	29,038	32,014	33,615	35,296
Pump Station										
Reticulation					29,038	29,038	29,038	32,014	33,615	35,296
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	1,757	1,757	1,757	2,034	2,136	2,243
Landfill Sites										
Waste Transfer Stations					1,757	1,757	1,757	2,034	2,136	2,243
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	**17,791**	**17,791**	**17,791**	**19,615**	**20,596**	**21,626**

Community Facilities		–	–	–	12,569	12,569	12,569	13,858	14,551	15,278
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations					7,346	7,346	7,346	8,099	8,504	8,929
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria					5,224	5,224	5,224	5,759	6,047	6,349
Police										
Purls										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	5,222	5,222	5,222	5,757	6,045	6,347
Indoor Facilities										
Outdoor Facilities					5,222	5,222	5,222	5,757	6,045	6,347
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	25,800	–	–	18,349	20,512	18,496
Operational Buildings		–	–	–	25,800	–	–	18,349	20,512	18,496
Municipal Offices					25,800	–	–	18,349	20,512	18,496
Pay/Enquiry Points								–	–	–
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	**–**	**–**	**–**	**257,872**	**219,424**	**219,424**	**260,361**	**269,123**	**279,538**

2.8 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.8.1 In-year reporting

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

2.8.2 Internship program

The City is participating in the Municipal Financial Management Internship program and has employed seven (7) interns undergoing training in various divisions of the Financial Management Services Department.

2.8.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.8.4 Audit Committee

An Audit Committee has been established and is fully functional.

2.8.5 Service Delivery and Implementation Plan

The detail Service Delivery Budget and Implementation Plan document is at a draft stage and will be finalized within 28 days after the approval of the 2017/2018 – 2019/2020 Medium Term Revenue and Expenditure Framework on the 31 May 2017 directly aligned and will be informed by the 2017/2018 IDP and budget.

2.8.6 Annual Report

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

2.8.7 Municipal Finance Management Act Training

The MFMA training module in electronic format is presented at the City's internal center and training is ongoing.

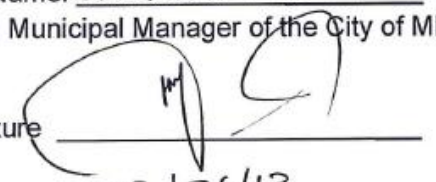
2.8.8 Policies

All budget-related policies mentioned earlier above have been tabled together with the approved budget before council on 31 May 2017, under item A (3).

2.9 MUNICIPAL MANAGERS' QUALITY CERTIFICATION

I **Mr. Patrick. D. Msibi**, Acting Municipal Manager of City Of Mbombela, hereby certify that the final annual budget and supporting documentation for 2017/2018 - 2019/2020 have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the final annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: DUMISANI PATRICK MSIBI
Acting Municipal Manager of the City of Mbombela

Signature 

Date 2017/06/13